

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4499-01
Bill No.: SB 546
Subject: Insurance - Medical; Insurance Dept.; Attorney General, State
Type: Original
Date: January 23, 2014

Bill Summary: This proposal modifies Missouri’s Health Care Freedom Act by prohibiting the state from implementing a health insurance exchange, prohibiting insurers from accepting remuneration that may result in penalties violative of the act, and prescribing duties of the Attorney General for enforcement of the act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Insurance Dedicated	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown) to Unknown	(Unknown) to Unknown	(Unknown) to Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state it is unknown how the changes in this proposal would affect the department. Therefore, DIFP assumes an unknown fiscal impact to the Insurance Dedicated Fund.

For fiscal note purposes, **Oversight** will use a negative unknown to positive unknown fiscal impact to the DIFP's Insurance Dedicated Fund

Officials from the **Office of Attorney General (AGO)** state the proposal requires that the "attorney general shall take such action as is provided in this subsection in the defense or prosecution of rights protected under section 1.330 and this section." Those actions include seeking injunctions or "any other appropriate relief." As both the nature and number of actions the AGO will be required to undertake are presently unknown, the costs to the AGO are likewise unknown, but could be significant. The AGO will seek additional appropriations if significant additional litigation or other efforts are required.

Oversight assumes because the potential for litigation, injunctions and other actions is speculative, the AGO will not incur significant costs related to this proposal. If a fiscal impact were to result, the AGO may request additional funding through the appropriations process.

Officials from the **Department of Mental Health, the Department of Health and Senior Services, the Department of Social Services, the Missouri Department of Transportation, the Missouri Consolidated Health Care Plan, the Missouri Department of Conservation, the City of Columbia and the City of Kansas City** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation Employee Benefits Section for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the following **cities**: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to **Oversight's** request for fiscal impact.

ASSUMPTION (continued)

Officials from the following **counties**: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
INSURANCE DEDICATED FUND			
<u>Savings</u> - DIFP (§§1.330 and 1.334)			
Implementation and compliance of the proposal	Unknown	Unknown	Unknown
<u>Cost</u> - DIFP (§§1.330 and 1.334)			
Implementation and compliance of the proposal	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>	<u>(Unknown) to Unknown</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

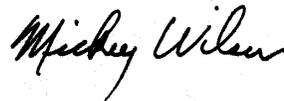
FISCAL DESCRIPTION

This proposal modifies what is commonly known as the Health Care Freedom Act which was approved by the Missouri voters in 2010. The proposal restates Missouri's public policy of allowing its citizens the freedom to choose or decline to choose any mode of securing health care services without facing a penalty and provides that it is against Missouri public policy to implement or operate a health insurance exchange in Missouri. The proposal also posits several findings of fact of how the Patient Protection and Affordable Care Act and implementing a state-based exchange would subject Missouri citizens and employers to penalties. The proposal further provides that if a health insurance issuer operating in Missouri accepts any remuneration that may result in the imposition of penalties contrary to Missouri's public policy, then the Director of Insurance shall suspend the issuer's license to transact business in Missouri. The suspension will stay in place until the issuer represents that it has returned the remuneration to its source and will decline any such future remuneration. The proposal further imposes a duty upon the Attorney General to seek injunctive relief and other appropriate remedies whenever the public policy set forth in the act is being violated.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
Department of Insurance, Financial Institutions
and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
City of Columbia
City of Kansas City



Mickey Wilson, CPA
Director
January 23, 2014

Ross Strobe
Assistant Director
January 23, 2014