

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0746-01
Bill No.: HB 151
Subject: Health Care; Health, Public; Insurance - Medical
Type: Original
Date: January 18, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	\$10,000	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds*	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

*Expected to cost less than \$100,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health** and the **Department of Conservation** assume this proposal would not fiscally impact their agencies.

Department of Insurance (INS) officials state that health insurers and HMOs would be required to amend policy forms in order to comply with this proposal. INS states that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals.

INS states there are 171 health insurers and 29 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 29 HMOs would each submit one policy form amendment resulting in revenues of \$10,00 to the Insurance Dedicated Fund.

Officials from the **Department of Transportation (DHT)** state the proposal would require the Highway and Patrol Medical Plan to provide additional coverage for a panel of endocrinologists to which an enrollee may appeal any denial of care by such enrollee's physician if such physician is not an endocrinologist. DHT states they cannot estimate the cost of an endocrinologist panel at this time. DHT further states the other coverages required by this proposal would have no fiscal impact because the Plan currently provides these coverages. DHT states they use the same deductible and co-pay for diabetes supplies and medications as other prescription drugs. DHT states they do not reduce or eliminate coverage due to diabetes coverage. DHT further states they do not have a maximum prescription benefit or determine rates or premiums based on diabetes coverage.

Missouri Consolidated Health Care Plan (HCP) officials state that coverage through HCP currently includes approved meters, prescriptions, and doctor visits. Some of the plans currently have disease management programs that provide educational information to members.

HCP states the proposal would require coverage for meters that "the patient feels comfortable with." HCP states the current coverage provides coverage for meters on the plans approved list. Consideration for any other meter would require a letter of medical necessity and approval by the plan. By eliminating the need for medical necessity approvals the plan may save money on administration costs but could incur more costs on more costly meters. HCP states the amount is unknown but is expected to be minimal.

HCP provides coverage for diabetic supplies (syringes, test strips, etc.) and prescriptions. The

ASSUMPTION (continued)

state PPO, HMO, and POS plans do not have a plan maximum. The member merely pays the corresponding co-payment at a participating pharmacy for the plan they are enrolled in. Members may also obtain diabetic prescriptions and supplies through their mail order pharmacy benefit which allows for a 90-day supply for two times the co-payment. The Public Entity PPO does contain a lifetime maximum on prescription drugs of \$1,500 annually. If diabetic prescriptions would not apply to this maximum additional costs would be incurred. However, since diabetics usually represent a small portion of the total population, HCP feels this cost would be minimal.

HCP states the coverage for self-management training would be covered under the member's office co-payment if the provider is in the network. If the physician refers the member out of the network the HMO plans would incur expenses in negotiating and reimbursing these providers. This additional cost may be passed on through higher premiums but HCP feels this amount would be minimal.

HCP states that placing the requirement of establishing a network panel of endocrinologist to hear appeals would not fiscally impact HCP.

Officials from the **Department of Social Services (DOS)** state the proposal would have a fiscal impact to the department. DOS states the fiscal impact is unknown but the total is expected to be less than \$100,000. DOS states an increase in expenditures may be seen if a patient is allowed to use any meter that they feel comfortable with. Currently DOS reimburses up to \$85 for a basic glucose monitor, the brand does not matter. Glucose monitors with special features such as voice synthesizers or automatic timers are available if a person is blind. The reimbursement for this type of monitor is up to \$308. DOS assumes the proposal would allow anyone to request the special monitors and the additional cost for each monitor would be \$223 (\$308 - \$85). However, the number of recipients who would want a monitor with special features is unknown.

DOS states the requirement that self-management training would be covered "where and by whom the covered person's physician requests" would not have a fiscal impact. Currently the physician can refer the Medicaid recipient to any provider who is enrolled under the Medicaid Diabetes Self Management program. Federal law 42 CFR 440 requires that providers meet certain criteria - must be licensed by the state and practicing within the state's scope of practice laws. A provider enrolled in the Medicaid Diabetes Self Management Training program must be either a Certified Diabetes Educator, Registered Dietician, or Registered Pharmacist. DOS would consider expanding the provider criteria when additional national certification programs are developed or the Missouri Department of Health develops a training and certification program for diabetes educators. It is assumed DOS would continue to require providers to meet enrollment criteria.

ASSUMPTION (continued)

DOS states no fiscal impact is expected from the requirement that a panel of endrocrinologists be available to review any denial of care of a recipient. The recipient would have the right to appeal any denial of care to a panel of endrocrinologists if the denial of care was made by a physician who is not an endrocrinologist. Currently all recipients are allowed to appeal denied services. DOS has access to specialists through a contract with CIMRO.

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** did not respond to our fiscal impact request. However, in responding to a similar proposal in a prior session, MHP assumed there would be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Costs - Department of Social Services</u>			
Medical assistance payments	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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*Expected to be less than \$100,000.

INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<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.

DESCRIPTION

This proposal would prohibit health insurance entities from using diabetes as a factor in determining an enrollee's premium. Entities would also provide coverage for medications required for the management and treatment of diabetes. Diabetes medication could no be considered in determining any maximum prescription benefit amount. Entities could not raise co-payments, coinsurance, or deductibles to cover any increased costs created by the proposal.

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

Department of Transportation
Department of Health
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Department of Conservation

NOT RESPONDING: Department of Public Safety - Missouri State Highway Patrol



Jeanne Jarrett, CPA
Director

January 18, 2001