

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1213-01
Bill No.: SB 277
Subject: Insurance - Medical; Employees - Employers
Type: Original
Date: February 16, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Unknown exceeding \$100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (COA) - Division of Budget and Planning** and **Department of Insurance** assume the proposal will have no fiscal impact on their organizations.

Officials from the **COA - Division of Accounting** defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact of this proposal.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would provide coverage for medical expenses of the small employer through the HCP, with a separate benefit trust fund account set up. It is not possible to accurately predict the fiscal impact of this proposal due to uncertainties such as the potential membership, rates, benefit design, or administrative cost. However, it is assumed that the program would be self sustaining. There would be start up costs in FY 06 that could only be recouped in later years when there was sufficient enrollment. Placing the full responsibility on the first few enrollees would make the program unaffordable.

The HCP assumes that the Board would be allowed to establish how coverage would be provided in the most cost effective fashion. It is also assumed that an administrative charge could be added to premiums to offset the state's cost to operate the program. Using these assumptions, though the actual amount is very difficult to determine, it would exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Additional administrative costs	(Unknown exceeding \$100,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Unknown exceeding \$100,000)	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have a direct impact on small business employers that decided to provide medical coverage for their employees.

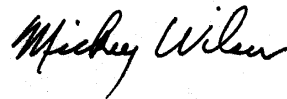
DESCRIPTION

This proposal allows small employers to join the Missouri Consolidated Health Care Plan. For purposes of the proposal, the term "employer" means an employer who employed an average of at least one but not more than fifty persons during the preceding calendar year and who employs at least one person on the first day of the plan year. A small employer includes a sole proprietor and a partner of a partnership. The state health care plan shall maintain a separate benefit trust fund account for premium payments and other income received from small employers.

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 Administration -
 Division of Budget and Planning
 Division of Accounting
Missouri Consolidated Health Care Plan
Department of Insurance

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 16, 2005