

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1233-01
Bill No.: SB 244
Subject: Insurance - Medical; Insurance Dept.; Taxation and Revenue - General
Type: Original
Date: February 18, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated	\$0 to \$8,000	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$8,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 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 **Department of Public Safety (DPS) - Director's Office, Missouri Consolidated Health Care Plan**, and **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

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

Officials from the **Missouri Department of Transportation (DOT)** state the Missouri Highway Transportation Commission (MHTC)/DOT and the Highway and Patrol Medical Plan assume the proposal will have no fiscal impact as the Medical Plan is not a "health carrier" as defined in section 376.1350, RSMo.

Officials from the **Office of Attorney General (AGO)** assume this proposal will have no fiscal impact on their organization. Although the AGO does represent the Department of Insurance with respect to unfair trade practice violations in Chapter 407, RSMo, the AGO assumes that it will not have that responsibility with respect to the enforcement of the new violations of this provision.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** state the proposal prohibits health carriers from requiring applicants to submit tax information to obtain insurance coverage. The proposal will result in the Department of Insurance promulgating rules to implement the legislation. These rules will be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Insurance could require as many as 8 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because of cost statements, fiscal notes and notices that are not published in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded, and withdrawn. The SOS estimates the cost of the proposal to be \$492 [(8 pgs. X \$27) + (12 pgs. X \$23)] for FY 06.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Insurance (INS)** state the legislation will require re-filing health care application forms if health carriers need to change policy in regards to income or tax information from the applicant. Policy amendments must be submitted to the INS for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated fund are estimated to be from \$0 to \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the INS will need to request additional staff to handle the increase in workload.

This proposal may result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$0 to \$8,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 to \$8,000</u>	<u>\$0</u>	<u>\$0</u>
<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

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

DESCRIPTION

Under this proposal, health carriers are prohibited from requiring an applicant or insured to submit tax forms which disclose salaries, income, wages, or any other tax information not relevant to determining coverage eligibility. If any health carrier requires an applicant or insured to submit tax forms for purposes of determining eligibility, the health carrier shall allow the applicant or insured to redact or otherwise edit any information relating to salaries, wages, income, or other tax information not relevant to determining coverage eligibility. Failure to comply with this proposal shall constitute an unfair trade practice. The proposal directs the Director of the Department of Insurance to promulgate rules for the enforcement of this proposal and establish categories of tax information in addition to salaries, income, or wages in which health carriers shall not request by means of a tax return.

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
Missouri Department of Transportation
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation
Office of Secretary of State



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