

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3196-01
Bill No.: SB 574
Subject: Health Care; Insurance - Medical
Type: Original
Date: March 6, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$50,915 to exceeding \$321,748)	(\$100,830 to exceeding \$771,830)	(\$100,830 to exceeding \$771,830)
Total Estimated Net Effect on General Revenue Fund	(\$50,915 to exceeding \$321,748)	(\$100,830 to exceeding \$771,830)	(\$100,830 to exceeding \$771,830)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Insurance Dedicated	\$0 to \$5,000	\$0	\$0
Conservation	(Unknown less than \$50,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
Highway - Highway Patrol	(Unknown exceeding \$9,915)	(Unknown exceeding \$19,830)	(Unknown exceeding \$19,830)
Road	(Unknown exceeding \$38,200)	(Unknown exceeding \$76,400)	(Unknown exceeding \$76,400)
All Other	(Unknown exceeding \$970)	(Unknown exceeding \$1,940)	(Unknown exceeding \$1,940)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown exceeding \$44,085)	(Unknown exceeding \$98,170)	(Unknown exceeding \$98,170)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

* Revenue and expenses to \$770,000 annually net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Director's Office** defer to the Office of Administration and Missouri Consolidated Health Care Plan since health care premiums/issues are handled through those agencies.

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

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state HCP's HMO and Copay plans cover diagnostic testing as any other medical benefit under the plan. Therefore, the proposal has no fiscal impact on the HCP.

Officials from the **Department of Insurance (INS)** estimate approximately 100 insurers may be required to submit amendments to their policies to comply with the legislation. 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 \$0 to \$5,000.

ASSUMPTION (continued)

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.

Officials from the **Missouri Department of Conservation (MDC)** state the proposal would appear to impact MDC funds. The impact is estimated to be less than \$100,000 annually.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the proposed legislation requires health benefit plans to offer coverage for diagnostic testing and healthcare services for chronic kidney patients including managing risk factors, improving nutritional status, and correcting anemia associated with the disease. Chronic kidney patients are defined as individuals diagnosed with diabetes or hypertension, or who have a family history of kidney disease and receive a diagnosis of kidney disease.

Missouri Medicaid currently covers the routine diagnostic testing and healthcare services associated with kidney disease. However, coverage for the management of chronic kidney patients would be a new cost to the DMS under the Disease Management Program, which currently offers coverage for Asthma, Diabetes, Heart Failure, Depression, Hyperlipidemia, Gastro Esophageal Reflux Disease (GERD), Chronic Obstructive Pulmonary Disease (COPD), and Hypertension. The contractor is reimbursed a firm, fixed price per quarter per numerical range of patients enrolled in the Disease Management Program. There is currently a monthly average of 1,900 patients enrolled in the program at a quarterly rate of \$240,000. The DMS assumes that at least 10,000 new patients would be eligible for this coverage under the proposed legislation. Based on this increase in the monthly average of patients, the new quarterly rate would be \$625,000, and increase of \$385,000 per quarter. Therefore, the fiscal impact for DMS would be \$1,540,000 (\$385,000 X 4).

Oversight assumes the number of Medicaid recipients diagnosed with diseases currently covered under the Disease Management Program would significantly exceed the number of recipients diagnosed with chronic kidney disease. However, **Oversight** was unable to obtain information from the DMS as to the actual number of Medicaid recipients diagnosed with those diseases.

Oversight assumes the number of new Medicaid recipients enrolling in and using the Disease Management Program on a quarterly basis could be substantially less than 10,000. Therefore, **Oversight** is ranging the additional cost to the Medicaid program from an additional 1,900 clients with chronic kidney disease (double the current quarterly enrollment number) to the numbers estimated by the DMS. Per DMS staff, the quarterly cost for 3,800 patients in the disease management program would be \$290,000 or \$50,000 more than the current quarterly cost of \$240,000.

ASSUMPTION (continued)

Officials from the **Missouri Department of Transportation (DOT)** assume there are tests and healthcare services that the Medical Plan will be required to cover that are not currently covered under the Medical Plan. Without knowing the exact tests and services that the Medical Plan will be required to cover, it is impossible to calculate the fiscal impact. Since a chronic kidney patient is defined as an individual diagnosed with diabetes or hypertension, and the DOT knows that many of the participants in its medical plan have these diagnoses, based on current utilization, the DOT is assuming the impact could be significant, exceeding \$100,000 annually.

Historically, the DOT and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared by being absorbed by the plan, using state appropriated funds and/or increased costs to individuals covered under the plan. However, the Medical Plan, the Missouri Highway Transportation Commission, DOT and the Highway Patrol must make a decision on how to fund the increase.

Oversight assumes changes in health benefits would become effective January 1, 2007.

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

<u>FISCAL IMPACT - State Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Increase in Medicaid program costs	(\$50,000 to \$320,833)	(\$100,000 to \$770,000)	(\$100,000 to \$770,000)
<u>Costs - Missouri Department of Transportation</u>			
Increase in health insurance premiums	<u>(Unknown exceeding \$915)</u>	<u>(Unknown exceeding \$1,830)</u>	<u>(Unknown exceeding \$1,830)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$50,915 to exceeding \$321,748)</u>	<u>(\$101,830 to exceeding \$771,830)</u>	<u>(\$101,830 to exceeding \$771,830)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$0 to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
CONSERVATION FUND			
<u>Costs - Missouri Department of Conservation</u>			
Increase in insurance premiums	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(Unknown less than \$50,000)</u>	<u>(Unknown less than \$100,000)</u>	<u>(Unknown less than \$100,000)</u>
HIGHWAY FUND - HIGHWAY PATROL			
<u>Costs - Missouri Department of Transportation</u>			
Increase in health insurance premiums	<u>(Unknown exceeding \$9,915)</u>	<u>(Unknown exceeding \$19,830)</u>	<u>(Unknown exceeding \$19,830)</u>
ESTIMATED NET EFFECT ON HIGHWAY FUND - HIGHWAY PATROL	<u>(Unknown exceeding \$9,915)</u>	<u>(Unknown exceeding \$19,830)</u>	<u>(Unknown exceeding \$19,830)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
ROAD FUND			
<u>Costs - Missouri Department of Transportation</u>			
Increase in health insurance premiums	<u>(Unknown exceeding \$38,200)</u>	<u>(Unknown exceeding \$76,400)</u>	<u>(Unknown exceeding \$76,400)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown exceeding \$38,200)</u>	<u>(Unknown exceeding \$76,400)</u>	<u>(Unknown exceeding \$76,400)</u>
ALL OTHER FUNDS			
<u>Costs - Missouri Department of Transportation</u>			
Increase in health insurance premiums	<u>(Unknown exceeding \$970)</u>	<u>(Unknown exceeding \$1,940)</u>	<u>(Unknown exceeding \$1,940)</u>
ESTIMATED NET EFFECT ON ALL OTHER FUNDS	<u>(Unknown exceeding \$970)</u>	<u>(Unknown exceeding \$1,940)</u>	<u>(Unknown exceeding \$1,940)</u>
FEDERAL FUNDS			
<u>Income - Department of Social Services</u>			
Increase in Medicaid program reimbursements	\$50,000 to \$320,834	\$100,000 to \$770,000	\$100,000 to \$770,000
<u>Costs - Department of Social Services</u>			
Increase in Medicaid program payments	<u>(\$50,000 to \$320,834)</u>	<u>(\$100,000 to \$770,000)</u>	<u>(\$100,000 to \$770,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
* Revenues and expenses of \$770,000 annually net to \$0.			

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide health insurance benefits for employees.

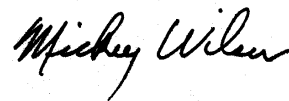
DESCRIPTION

This proposal requires health benefit plans to provide coverage for diagnostic testing and healthcare services for chronic kidney disease patients.

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



Mickey Wilson, CPA

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