

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5320-02
Bill No.: HCS for SB 1103
Subject: Insurance - Medical; Insurance Dept.
Type: Original
Date: May 2, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on General Revenue Fund	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Insurance Dedicated	\$0 to \$5,000	\$0	\$0
County Foreign Insurance*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$5,000	\$0	\$0

*** Decrease in unknown revenues is offset by an unknown decrease in transfers to school districts and nets to \$0.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services, Missouri Department of Transportation, 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 the proposal on their organization.

Officials from the **Department of Health and Senior Services (DOH)** state the proposal would not be expected to fiscally impact the operations of the DOH. If a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

Officials from the **Department of Insurance (INS)** state HMOs currently pay corporate income tax rather than premium tax. Premium tax is split 50/50 between General Revenue (GR) and the County Foreign Insurance Fund. The INS assumes that companies with both HMO and insurance company affiliates may move business from PPO contracts where premium taxes are paid to HMO contracts where corporate tax is paid. This would result in an unknown decrease in what is deposited in the County Foreign Insurance Fund. The County Foreign Insurance Fund is distributed yearly to all school districts in the state. The shift from premium tax to corporate tax

ASSUMPTION (continued)

would also result in a difference in tax amounts collected. Currently the premium tax rate is 2% of the premium written. How corporate tax is calculated and the impact this shift would have on GR is unknown.

The INS estimates that 100 insurers and HMOs may develop and file new products which are required to be submitted to INS for review and approval. Policies and HMO contracts 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 - \$5,000.

Depending on the number of insurers who would choose to offer HMO products, additional HMOs may become licensed. Depending on how many choose this option, additional staff may be needed to handle the increase in workload. Additional staff would be requested through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Income - Department of Insurance</u>			
Shift from premium tax to corporate tax	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
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>

DESCRIPTION

This proposal modifies what a health insurer must provide when it issues evidence of insurance coverage. The proposal provides that the evidence of coverage must contain a summary of coinsurance or other cost sharing features the policy may entail.

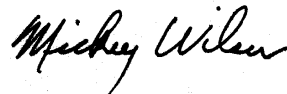
The proposal prohibits health care professionals from billing for anatomic pathology services not personally rendered.

The proposal provides that the rates of payment included in a contract between an HMO and a provider that was entered into prior to August 28, 2006 shall not apply to enrollees who purchase coverage from the HMO on or after August 28, 2006 if the coverage has an enrollee deductible and/or coinsurance obligation that is higher. The payment rates from these enrollees will be determined by contractual terms established between the HMO and the providers.

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 Health and Senior Services
Department of Social Services
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



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Director
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