

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0148-01
Bill No.: SB 63
Subject: Insurance - Medical; Insurance Dept.
Type: Original
Date: January 29, 2007

Bill Summary: Requires insurers to provide notice of coinsurance or other cost sharing features in the evidence of coverage they issue to enrollees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
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 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation, 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 fiscal impact of this proposal on their organization.

Officials from the **Department of Social Services - Division of Medical Services** believes this proposal does not affect recipients of Medical Assistance. Medical Assistance is not an insurance policy or a contract issued by a health services corporation. In addition, Managed Care recipients do not pay co-pays or co-insurance.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** 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 DIFP 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 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 DIFP estimates that 100 insurers and HMOs may develop and file new products which are required to be submitted to the department for review and approval. Policies and HMO contracts must be submitted to the DIFP 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 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Income - Department of Insurance, Financial and Professional Regulation</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, Financial and Professional Regulation</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>
COUNTY FOREIGN INSURANCE FUND			
<u>Savings - Department of Insurance, Financial and Professional Regulation</u>			
Reduction in transfer-out to school districts	Unknown	Unknown	Unknown
<u>Loss - Department of Insurance, Financial and Professional Regulation</u>			
Reduction in premium taxes collected	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON COUNTY FOREIGN INSURANCE FUND*	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
SCHOOL DISTRICTS			
<u>Loss - School Districts</u>			
Reduction in premium taxes transferred-in from the County Foreign Insurance Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide health insurance benefits to employees as it may affect health insurance premiums.

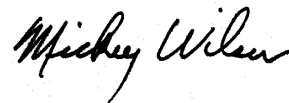
FISCAL DESCRIPTION

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 purported effect of this change is to allow HMOs to issue high-deductible health insurance policies.

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

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



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