

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0240-01
Bill No.: SB 15
Subject: Insurance - Medical; Elderly; Medicaid
Type: Original
Date: January 29, 2007

Bill Summary: Establishes a long-term care insurance public-private partnership program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Insurance Dedicated	(\$37,683 to \$42,683)	(\$50,020)	(\$51,288)
Total Estimated Net Effect on Other State Funds	(\$37,683 to \$42,683)	(\$50,020)	(\$51,288)

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
Insurance Dedicated	1	1	1
Total Estimated Net Effect on FTE	1	1	1

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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** and **Department of Social Services (DOS) - Family Support Division (FSD)** assume the proposal will have no fiscal impact on their organizations.

Officials from the **DOS - Division of Medical Services (DMS)** assume there will be no fiscal impact to their division. DMS officials state the FSD does not believe there would be any new eligibles seen in FY 08, FY 09, or FY 10. Individuals would need to plan ahead for years and purchase this over a long period of time for it to have an impact on Medicaid.

Officials from the **Department of Mental Health (DMH)** state DMH facilities do not qualify as long-term care facilities. Therefore, the DMH would not see any fiscal impact from consumers who have long-term care insurance policies. Some DMH consumers may purchase long-term care insurance policies through this program, but any premiums would be paid using consumer funds. Thus, this proposal will have no fiscal impact on the DMH.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** state the proposed legislation will create the need for one (1) Insurance Product Analyst II FTE. This analyst will focus on all Long-Term Care (LTC) contracts in addition to those needed to be pre-certified for compliance with the Partnership Program. The analyst will also track LTC rates, draft a report for the DIFP to present to the legislature, and coordinate with other state agencies in the Partnership Program.

The DIFP states additional actuarial assistance may be needed as the evaluation and development of the program progresses.

ASSUMPTION (continued)

Approximately 100 insurers may be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department 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.

This proposal may impact Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance, Financial and Professional Regulation</u>			
Form filing fees	\$0 to \$5,000	\$0	\$0
<u>Costs - Department of Insurance, Financial and Professional Regulation</u>			
Personal service (1.0 FTE)	(\$25,974)	(\$31,947)	(\$32,746)
Fringe benefits	(\$11,756)	(\$14,459)	(\$14,821)
Equipment and expense	(\$4,953)	(\$3,614)	(\$3,721)
Total <u>Costs</u> - Department of Insurance, Financial and Professional Regulation	<u>(\$42,683)</u>	<u>(\$50,020)</u>	<u>(\$51,288)</u>
FTE Change - DIFP	1.0 FTE	1.0 FTE	1.0 FTE
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$37,683 to \$42,683)</u>	<u>(\$50,020)</u>	<u>(\$51,288)</u>
Estimated NET FTE Change for Insurance Dedicated Fund	1.0 FTE	1.0 FTE	1.0 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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.

FISCAL DESCRIPTION

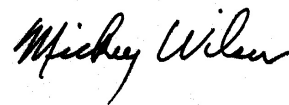
This proposal establishes the Missouri Long-Term Care Partnership Program and provides that the Department of Social Services and the Department of Insurance, Financial Institutions and Professional Registration will coordinate the program so that private insurance and Medicaid funds will be used to finance long-term care.

The Department of Insurance, Financial Institutions and Professional Registration may certify qualified state long-term care insurance partnership policies that meet the applicable provisions of the National Association of Insurance Commissioners (NAIC) Long-Term Care Insurance Model Act and Regulation as specified in the Federal Deficit Reduction Act of 2005. In addition, the department shall develop requirements regarding training for those who sell qualified long-term care partnership 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

Department of Insurance, Financial and Professional Regulation
Department of Mental Health
Department of Health and Senior Services
Department of Social Services -
 Family Services Division
 Division of Medical Services
Office of Secretary of State



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