

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0847-01
Bill No.: SB 381
Subject: Insurance Dept.; Health Care; Health Care Professionals; Consumer Protection;
 Licenses - Professional
Type: Original
Date: February 9, 2007

Bill Summary: Establishes regulations for discount medical plan organizations that issue health discount medical plans.

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 | \$11,250 | \$7,250 | \$7,250 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$11,250 | \$7,250 | \$7,250 |

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 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 | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Administrative Hearing Commission, Department of Health and Senior Services, Department of Social Services, Department of Mental Health, and Missouri Consolidated Health Care Plan** assume the proposal will have no fiscal impact on their organizations.

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)** estimate at least 25 discount medical plans will register with the department (based on other states currently regulating discount medical plans) and pay the \$250 registration/renewal fee annually. The DIFP estimates that \$6,250 (25 plans X \$250) will be deposited annually into the Insurance Dedicated Fund.

Discount medical plans are required to file forms with the DIFP. Each form is to be accompanied by a \$25 fee. The department estimates that it will receive approximately \$5,000 from form filings in the first year (200 forms) and \$1,000 (40 forms) in subsequent years. These fees will be deposited in the Insurance Dedicated Fund.

Implementation of the registration and form review, examination, investigation and enforcement provisions of this proposal can be handled with existing staff and resources. The DIFP will require minimal contract computer programming to add discount medical plans to the department database and can do so under existing appropriations.

This proposal will 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> | | | |
| Registration and form filing fees | <u>\$11,250</u> | <u>\$7,250</u> | <u>\$7,250</u> |
| ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND | <u>\$11,250</u> | <u>\$7,250</u> | <u>\$7,250</u> |
| | | | |
| <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

There may be a fiscal impact to small business physicians offices if they accept the discount medical plans.

FISCAL DESCRIPTION

This proposal requires discount medical plan organizations to register with the Director of the Department of Insurance, Financial and Professional Regulation.

REGISTRATION OF DISCOUNT MEDICAL PLAN ORGANIZATIONS - The proposal delineates the requirements for registering as a discount medical plan organization. The applicant must pay the director an application fee of \$250. The registration is valid for one year. The fee for renewing a discount plan organization registration is also \$250. Providers who provide discounts to their own patients are not required to register as discount medical plan organizations under the proposal.

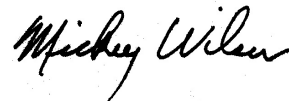
EXAMINATION AND INVESTIGATORY POWERS OF DIRECTOR WITH RESPECT TO DISCOUNT MEDICAL PLANS - Under the proposal, the director may examine or investigate the business and affairs of any discount medical plan organization. The director may require discount medical plan organizations to produce any records, books, files, advertising and solicitation materials, or other information. The expenses incurred in conducting any examination shall be paid by the discount medical plan organization.

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 Administration -
Administrative Hearing Commission
Department of Insurance, Financial and Professional Regulation
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan
Office of Secretary of State

NOT RESPONDING: Barton County Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Hospital and Washington County Memorial Hospital



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Director
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