

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1553-01
Bill No.: SB 283
Subject: Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: March 2, 2009

Bill Summary: Prohibits health insurers from imposing any co-payment or co-insurance, or combination thereof, that exceeds 50% of the total cost of providing the health care service to an enrollee.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	Up to \$5,600	\$0	\$0
Road	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown exceeding \$44,400)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan** assume the proposal will not fiscally impact their organization.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 112 insurers would 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 \$5,600.

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 DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Missouri Department of Transportation (DOT)** state while the DOT/Missouri State Highway Patrol (MHP) Medical plan would not fall under the definition of a health benefit plan or health carrier, as defined in section 376.1350, the Plan would arguably still be required to comply with the bill's requirements pursuant to Section 104.801, RSMo, which states that any legislation enacted by the general assembly which mandates the coverage of specific health benefits, services, or providers in the policies or contracts of insurers, health services corporations, HMOs, or other third party payors on or after January 1, 1991, shall also apply to the DOT/MHP Medical Plan.

DOT officials state the impact of the proposal would depend on the total cost charged for the health care services in addition to the network discounts provided to DOT/MHP members by the DOT network and claims administrator. The proposed legislation does not clarify what is included in the total cost. The DOT/MHP Medical Plan's copayments are a set amount and not a percentage. Therefore, it would be possible for an office visit copayment to be more than 50% of the total cost as stated in the proposed legislation because the copayment is more than 50% of the discounted charge.

ASSUMPTION (continued)

For example:

Total cost:	\$75
Network Discount Charge:	\$35
Copayment:	\$20 (More than 50% of the total approved by the plan)

If the Medical Plan would be responsible for the difference as shown in the example above, there would be an impact to the Medical Plan. It is difficult to estimate the projected amount of the impact to the Plan, but incurring this extra expense many times over would add up quickly. Also, with the additional costs to health care services, DOT member rates would need to be increased to ensure that the Plan would have the required funds to support the additional costs. Therefore, DOT assumes the proposal would have an unknown negative fiscal impact exceeding \$100,000 annually.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds, since it does not appear to apply to self-insured plans. However, if this legislation is intended to apply to self-insured plans, the fiscal impact to MDC funds is expected to exceed \$100,000 annually. The legislation is unclear as to whether it applies to deductibles for plans that require a deductible before coinsurance rates are applied.

Oversight assumes this proposal would become effective January 1, 2010 when new state health insurance plans begin.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	Up to \$5,600	\$0	\$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
ROAD FUND			
<u>Costs - DOT</u>			
Increase in medical plan costs	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses if insurers increase rates as a result of this proposal.

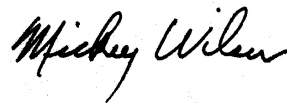
FISCAL DESCRIPTION

Under this proposal, health carriers, including preferred provider organizations, independent physician associations, and other entities that contract with health care providers, shall not impose any copayment or coinsurance amount, or any combination thereof, that exceeds 50% of the total cost of providing any single health care service to its enrollees.

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 Institutions and Professional Registration
Missouri Department of Transportation
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



Mickey Wilson, CPA
Director
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