

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1745-01
Bill No.: SB 463
Subject: Insurance - Medical; Health Care Professionals
Type: Original
Date: March 23, 2009

Bill Summary: Requires health carriers to provide coverage for the treatment and diagnosis of eating disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown exceeding \$550,000)	(Unknown exceeding \$1,100,000)	(Unknown exceeding \$1,100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$550,000)	(Unknown exceeding \$1,100,000)	(Unknown exceeding \$1,100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	Up to \$5,600	\$0	\$0
Conservation Commission	(Unknown, could exceed \$50,000)	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)
Total Estimated Net Effect on Other State Funds	(Unknown, could exceed \$44,400)	(Unknown, could exceed \$100,000)	(Unknown, could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

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

* Revenues and expenditures unknown, but net to \$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 **Department of Mental Health** assume the proposal will not fiscally impact their organization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP covers psychiatric inpatient and outpatient services, nutritional counseling and physical therapy (as specifically stated in the proposal). This legislation does not fiscally impact the HCP.

Officials from the **Missouri Department of Transportation (DOT)** assume the proposal will have no fiscal impact on their organization.

The terms “health carrier” and “health benefit plan” definitions do not apply to the DOT/Missouri State Highway Patrol (MHP) Medical Plan, but the Plan would still be required to comply with the proposal’s requirements. The proposed legislation mandating coverage of specific services (coverage for the diagnosis and treatment of eating disorders) and thus, the Plan would be required to offer such services as well.

According to Coventry, DOT’s current claims administrator, the DOT/MHP Medical Plan covers diagnosis and treatment of eating disorders and any residential treatment of eating disorders, if such treatment is medically necessary. Therefore, there would be no fiscal impact to the Plan.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 90 insurers and 22 HMOs (from 2007 supplemental data reports) 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 up to \$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 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 the Board of Trustees elected to provide such coverage, the exact amount of the impact is unknown, but could exceed \$100,000 annually.

ASSUMPTION (continued)

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 Health and Senior Services (DOH)** state the DOH assumes the proposal requires the department to provide the diagnosis and treatment of eating disorders for state residents without insurance coverage or who are in need of financial assistance for these services and provide payment of the costs of such treatment. The DOH is unable to estimate the cost of integrated care and treatment for Missouri residents suffering from eating disorders, either directly or contractually. The DOH does not have any data regarding the prevalence of eating disorders, the average cost of care, the types of interventions necessary, or the duration of interventions. The Department of Social Services or Department of Mental Health may have this information available. Creation of a new program in DOH would result in the need for an unknown number of additional FTE and an unknown amount for programmatic expenditures. The fiscal impact for DOH is unknown for FY 10, FY 11, and FY 12, but could be in the millions, if not tens of millions of dollars annually.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** provide the following assumptions:

Section 376.845:

This legislation does not revise Chapter 208, RSMo. Therefore, it does not affect MO HealthNet eligibility or benefits.

The legislation does revise Chapter 376, RSMo. The MHD assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

The MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. The cost is unknown, but may be as high as \$100,000. Since this is an administrative cost, there will be a 50% federal match rate.

ASSUMPTION (continued)

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness. If this occurs, the cost to the MHD is unknown. These additional costs would occur in the second and third years.

Section 1:

This section requires the DOH and DOS to collaborate to provide diagnostic and treatment services to any resident of the state whom is uninsured or needs financial assistance for the diagnosis and treatment of eating disorders.

It is assumed that the DOH will provide these services for the uninsured or those who are not MO HealthNet eligible. If that is not the case and the program is in the DOS, then the cost is unknown, but greater than \$100,000 and will all be general revenue expenditures.

Oversight notes the proposal would be effective January 1, 2010.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - DOH</u>			
Costs related to coverage of eating disorders	(Unknown exceeding \$500,000)	(Unknown exceeding \$1,000,000)	(Unknown exceeding 1,000,000)
<u>Costs - DOS</u>			
Increase in program costs - Section 1	(Unknown greater than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Increase in program costs - Section 376	<u>(Unknown less than \$50,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$550,000)</u>	<u>(Unknown exceeding \$1,100,000)</u>	<u>(Unknown exceeding \$1,100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	Unknown less than \$50,000	Unknown	Unknown
<u>Costs - DOS</u>			
Increase in program expenditures	<u>(Unknown less than \$50,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0*</u>	<u>\$0*</u>	<u>\$0*</u>
* Revenues and expenditures unknown, but net to \$0.			
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would directly impact small businesses that provide health insurance coverage to employees if premiums increased.

FISCAL DESCRIPTION

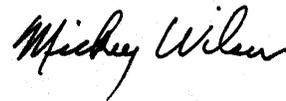
This proposal requires health carriers to provide coverage for the treatment and diagnosis of eating disorders. The coverage shall apply to health benefit plans issued, continued or renewed on or after January 1, 2010. Under the proposal, the mandated coverage shall include access to psychiatric and medical treatment. The health benefit plan shall also provide coverage for integrated care and treatments as prescribed by medical and psychiatric health care professionals.

The proposal requires the Department of Health and Senior Services, in collaboration with the Department of Social Services, to provide diagnosis and treatment services for Missouri residents who do not have insurance coverage for eating disorders. The eating disorder care shall be provided at eating disorder units, private facilities, and state-operated facilities that have licensed eating disorder specialists on staff.

This legislation is not federally mandated, would not duplicate any other program.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



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