

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1030-01  
Bill No.: Perfected HB 423  
Subject: Health Care; Interstate Cooperation; Federal-State Relations  
Type: Original  
Date: March 30, 2011

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Bill Summary: Establishes the Health Care Compact which pledges member states to improve health care policies within their states.

**FISCAL SUMMARY**

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND                          |            |            |            |
|-----------------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED                                                         | FY 2012    | FY 2013    | FY 2014    |
|                                                                       |            |            |            |
|                                                                       |            |            |            |
| <b>Total Estimated<br/>Net Effect on<br/>General Revenue<br/>Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS                             |            |            |            |
|-----------------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED                                                         | FY 2012    | FY 2013    | FY 2014    |
|                                                                       |            |            |            |
|                                                                       |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>Other</u><br/>State Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS                         |            |            |            |
|---------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED                                                 | FY 2012    | FY 2013    | FY 2014    |
|                                                               |            |            |            |
|                                                               |            |            |            |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) |          |          |          |
|----------------------------------------------------|----------|----------|----------|
| FUND AFFECTED                                      | FY 2012  | FY 2013  | FY 2014  |
|                                                    |          |          |          |
|                                                    |          |          |          |
| <b>Total Estimated Net Effect on FTE</b>           | <b>0</b> | <b>0</b> | <b>0</b> |

☐ 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 2012    | FY 2013    | FY 2014    |
| <b>Local Government</b>             | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Department of Conservation** and **Missouri Senate** assume the proposal would have no fiscal impact on their agencies.

In response to an earlier version of this proposal, officials from the **Missouri Department of Transportation** assumed the proposal would have no fiscal impact on their organization.

In response to an earlier version of this proposal, officials from the **Department of Public Safety - Missouri State Highway Patrol** deferred to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

In response to an earlier version of this proposal, officials from the **Missouri Consolidated Health Care Plan (MCHCP)** provided the following assumptions:

#### Early Retiree Reinsurance Program

The MCHCP was approved to receive funds from the Early Retiree Reinsurance Program (ERRP). ERRP provides reimbursement to participating employment-based plans for a portion of the costs of health benefits. To date, the MCHCP has received \$2.9 million. The MCHCP plans to submit requests for additional funds, but the reimbursement amounts are unknown based on the availability of funds. This legislation would require the MCHCP to return funds received through this program. The fiscal impact is unknown but greater than \$2.9 million and contingent on future actions of the federal government.

#### Coverage for children up to age 26

Prior to the passage of the Patient Protection and Affordable Care Act, the MCHCP only covered children up to age 25 unless they were disabled. As of Jan. 1, 2011, the MCHCP covers 244 25-year-old children. In 2010, the MCHCP's portion of medical and pharmacy claims for this age group was \$2,942 per member per year. The MCHCP would not be required to cover 25-year-olds under this legislation. The fiscal savings would be less than \$717,848 annually because some disabled children would still be eligible for coverage.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division** state the legislation establishes the Health Care Compact of which Missouri would be a Member State. The legislation will not become effective unless it is approved by the United State Congress. It is unknown what the fiscal impact of this legislation would be.

ASSUMPTION (continued)

In response to an earlier version of this proposal, officials from the **DSS - Division of Legal Services** stated the legislation will not become effective unless it is approved by the United States Congress. For purposes of this fiscal note, the DLS assumed that it is not reasonably likely that Congress will approve such a compact in time to impact FY 2012.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration** assume the proposal will have an unknown fiscal impact. The impact of the proposal is contingent on future actions of the compact and the federal government.

Officials from the **Missouri House of Representatives** did not respond to our request for a statement of fiscal impact.

**Oversight** notes the compact created by of this proposal will not occur until at least two states become Member States of the Compact. Member States are to create the Interstate Advisory Health Care Commission and appoint members. In addition, the compact must receive the consent of the U.S. Congress, but will not be effective unless Congress does not alter the fundamental purpose of the Compact. As a result, **Oversight** assumes any impact related to this proposal will be outside the scope of this fiscal note.

| <u>FISCAL IMPACT - State Government</u> | FY 2012<br>(10 Mo.) | FY 2013    | FY 2014    |
|-----------------------------------------|---------------------|------------|------------|
|                                         | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2012<br>(10 Mo.) | FY 2013    | FY 2014    |
|-----------------------------------------|---------------------|------------|------------|
|                                         | <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

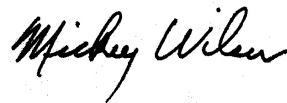
This proposal appears to have no fiscal impact.

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  
Department of Social Services  
Missouri Department of Transportation  
Department of Public Safety -  
    Missouri State Highway Patrol  
Missouri Department of Conservation  
Missouri Consolidated Health Care Plan  
Missouri Senate

**NOT RESPONDING: Missouri House of Representatives**



Mickey Wilson, CPA  
Director  
March 30, 2011