

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4473-01  
Bill No.: SB 560  
Subject: Insurance - Medical; Governor & Lt. Governor; General Assembly  
Type: Original  
Date: January 13, 2012

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Bill Summary: This proposal prohibits the establishment and operation of health insurance exchanges in Missouri unless certain criteria are met.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (More than \$7,000,000)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Missouri Consolidated Health Care Plan, Department of Health and Senior Services, Department of Mental Health, Governor's Office, Department of Conservation, Department of Transportation, Office of Administration - Division of Budget & Planning, Department of Elementary & Secondary Education, Department of Revenue, Office of State Courts Administrator, Missouri Senate, Department of Labor and Industrial Relations, Department of Higher Education, Missouri Ethics Commission, Office of Prosecution Services, Department of Agriculture, Division of Fire Safety, Joint Commission on Administrative Rules, Department of Economic Development, Missouri Public Defender, State Tax Commission, Missouri House of Representatives and City of Kansas City** assume there will be no fiscal impact to their agencies.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal would prohibit cooperation and communication without specific statutory authority between Missouri and the federal government with regard to a federally-facilitated exchange. This proposal will have an unknown fiscal impact to the department since the issues that could result from an inability to communicate with the federal government cannot be quantified.

**Oversight** assumes this would be accomplished during the normal budgetary process. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0. **Oversight** also assumes there may be no fiscal impact since the above statement indicates there "could" be an inability to communicate with the federal government not that there "would" be an inability to communicate with the federal government.

Officials from the **Department of Social Services - Missouri HealthNet** assume this proposal prohibits the establishment, creation, or operation of a state-based health insurance exchange unless the exchange is created by a legislative act, an initiative petition, or referendum. This proposal does not revise Chapter 208, RSMo; therefore, it does not affect MO HealthNet eligibility or benefits. No fiscal impact on Mo HealthNet.

Officials from the **Secretary of State's Office** assume each year, a number of bills may be considered by the General Assembly that would refer to a vote of the people the issue in the legislation. Unless a special election is called for the purpose, referendums are submitted to the people at the next general election. If a special election is called to submit a referendum to a

ASSUMPTION (continued)

vote of the people, section 115.063.2 RSMo. requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2013. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2012 (FY 2013). It is assumed the subject within this proposal could be on that

ASSUMPTION (continued)

ballot; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2013.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, Oversight requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2012 of over \$7 million for reimbursement to the local political subdivisions. Oversight assumes the Governor could call for a special election to be held prior to November 2012 regarding this joint resolution.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources, but may seek a future appropriation if there is a significant increase in referrals.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Expense - Reimbursement of local political subdivisions for special election costs</u>	\$0 or (More than <u>\$7,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 or (More than <u>\$7,000,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - Cost reimbursement from the State for special election	\$0 or More than \$7,000,000	\$0	\$0
<u>Expense</u> - Cost for special election	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation prohibits the establishment and operation of health insurance exchanges in Missouri unless certain criteria are met.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

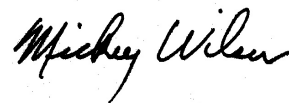
SOURCES OF INFORMATION

Missouri Consolidated Health Care Plan  
 Department of Insurance, Financial Institutions and  
 Professional Registration  
 Department of Health and Senior Services  
 Department of Social Services -  
 Missouri HealthNet  
 Department of Mental Health  
 Secretary of State's Office  
 Governor's Office

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SOURCES OF INFORMATION (continued)

Department of Conservation  
Department of Transportation  
Missouri Highway Patrol  
Office of Administration  
    Division of Budget & Planning  
Attorney General's Office  
Department of Elementary & Secondary Education  
Department of Revenue  
Office of State Courts Administrator  
Missouri Senate  
Department of Labor and Industrial Relations  
Department of Higher Education  
Missouri Ethics Commission  
Office of Prosecution Services  
Department of Agriculture  
Division of Fire Safety  
Joint Committee on Administrative Rules  
Department of Economic Development  
Missouri State Public Defender  
State Tax Commission  
Missouri House of Representatives



Mickey Wilson, CPA  
Director

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