

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0232-01
Bill No.: SB 160
Subject: Insurance - Medical; Health Care Professionals; Mental Health Department;
 Health Department
Type: Original
Date: February 15, 2013

Bill Summary: This proposal requires insurers to provide coverage for eating disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown, less than \$12,500)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown, less than \$12,500)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Insurance Dedicated	Up to \$3,000	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$3,000	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state this legislation does not revise Chapter 208, RSMo; therefore, it does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MHD assumes 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. MHD managed care covered 652 patients with eating disorders in FY 12.

The first year cost is for an actuarial study to determine the impact of this requirement on rate ranges to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services. The cost of the analysis will depend on the complexity of the analysis needed to address this program change. At a minimum, the actuarial study would include a survey of the Managed Care health plans to determine their current practices related to determining medical necessity for coverage of eating disorders. The health plan criteria may be different from the Practice Guidelines for the Treatment of Patients with Eating Disorders, as most recently published by the American Psychiatric Associations. The expected utilization change due to the difference in the criteria would determine the fiscal impact to the capitation rates. The cost of the study could be up to \$25,000. It is assumed that capitation rates would increase in year 2 and forward; however, the impact is unknown at this time.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state 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. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$3,000.

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 Consolidated Health Care Plan (MCHCP)** state the MCHCP currently covers the treatments listed within the proposal. Therefore, the legislation does not fiscally impact the MCHCP.

ASSUMPTION (continued)

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal would not fiscally impact their agency.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation Employee Benefits Section for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Department of Transportation (MoDOT)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to identical legislation from the prior session (SB 634), MoDOT assumed the proposal would not fiscally impact their organization.

Oversight notes the health insurance coverage provisions are to be effective January 1, 2014.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (6 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - DSS-MHD</u>			
Actuarial cost	(Unknown less than \$12,500)	\$0	\$0
Increase in state share of capitation rates paid to HMOs	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED GENERAL REVENUE FUND	<u>(Unknown less than \$12, 500)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$3,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE INSURANCE DEDICATED FUND	<u>Up to \$3,000</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2014 (6 Mo.)	FY 2015	FY 2016
FEDERAL FUND			
<u>Income - DSS-MHD</u>			
Increase in program reimbursements	Unknown, less than \$12,500	Unknown	Unknown
<u>Costs - DSS-MHD</u>			
Increase in program expenditures	<u>(Unknown, less than \$12, 500)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (6 Mo.)	FY 2015	FY 2016
	<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

Under this proposal, each health carrier must provide coverage for the diagnosis and treatment of eating disorders beginning January 1, 2014. Under the terms of the proposal, health carriers shall not deny eligibility or continued eligibility to an individual to enroll or renew coverage under the terms of the plan solely for the purpose of avoiding the requirements of the proposal or deny coverage for treatment of eating disorders, including coverage for residential treatment of eating disorders, if such treatment is medically necessary in accordance with the Practice Guidelines for the Treatment of Patients with Eating Disorders.

The eating disorder health insurance mandate requires the insurer to provide access to psychiatric and medical treatment under the plan and provide coverage for integrated care and treatments as prescribed by medical and psychiatric health care professionals, including but not limited to nutrition counseling, physical therapy, dietician services, medical monitoring, and psychiatric monitoring.

FISCAL DESCRIPTION (continued)

Nothing in the proposal shall be construed as requiring a health carrier to provide coverage of mental illness.

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
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation

Not Responding:

Missouri Department of Transportation



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