

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0796-03
Bill No.: SCS for SB 145
Subject: Insurance - Medical; Mental Health; Physicians; Psychologist
Type: Original
Date: April 21, 2015

Bill Summary: This proposal requires health benefit plans cover diagnosis and treatment of eating disorders.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|--|------------------|------------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| General Revenue | (Unknown, less than \$12,500) | (Unknown) | (Unknown) |
| Total Estimated Net Effect on General Revenue | (Unknown, less than \$12,500) | (Unknown) | (Unknown) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| Federal Funds | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

*Income and expenditures in FY 2016 net to \$0.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

In response to a previous version of this proposal, officials from the **Department of Social Services - MO HealthNet Division (MHD)** assumed this legislation revises 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 800 patients with eating disorders in FY 13.

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 unknown if capitation rates would increase, the impact is anticipated to be minimal.

Officials from the **Missouri Department of Conservation**, the **Department of Health and Senior Services**, the **Missouri Consolidated Health Care Plan**, the **Department of Mental Health**, and the **Department of Insurance, Financial Institutions and Professional Registration** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to Department of Transportation for fiscal impact.

In response to a previous version of this proposal, officials from the **Department of Transportation** assumed the proposal would not fiscally impact their agency.

| <u>FISCAL IMPACT - State Government</u> | FY 2016 (10 Mo.) | FY 2017 | FY 2018 |
|--|--|-------------------------|-------------------------|
| GENERAL REVENUE | | | |
| <u>Costs - DSS-MHD</u> | | | |
| Actuarial cost of increased coverage | (Unknown less than \$12,500) | \$0 | \$0 |
| Increase in state share of capitation rates paid to HMOs | \$0 | (Unknown) | (Unknown) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(Unknown less than \$12,500)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
| 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 2016 (10 Mo.) | FY 2017 | FY 2018 |
| | <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.

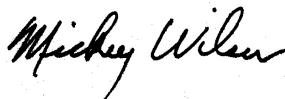
FISCAL DESCRIPTION

This proposal requires health benefit plans delivered, issued for delivery, continued or renewed on or after January 1, 2017, in accordance with current law requirements for coverage of mental health disorders, to provide coverage for the diagnosis and treatment of eating disorders. The proposal further requires that the provided coverage include a broad array of specialist services as proscribed as necessary by the patient's treatment team. Coverage under this proposal is limited to medically necessary treatment and the treatment plan must include all elements necessary for a health benefit plan to pay claims. Under the proposal medical necessity determinations and care management for the treatment of eating disorders shall consider the overall medical and mental health needs of the individual with the eating disorder and shall not be based solely on weight. Coverage may be subject to other general exclusions and limitations of the contract or benefit plan not in conflict with the proposal.

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
 MO HealthNet Division
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Department of Mental Health
Missouri Department of Transportation



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