

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2178-05  
Bill No.: HCS for SS for SB 457  
Subject: Pharmacy; Licenses - Professional; Drugs and Controlled Substances; Insurance - Medical  
Type: Original  
Date: May 11, 2015

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Bill Summary: This proposal changes the laws regarding health care services.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED  | FY 2016    | FY 2017    | FY 2018    |
|  |            |            |            |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                                      |                           |                           |
|---|--------------------------------------|---------------------------|---------------------------|
| FUND AFFECTED   | FY 2016                              | FY 2017                   | FY 2018                   |
| Insurance Dedicated   | Up to \$10,500 to (\$146,108)        | \$0 or (\$162,694)        | \$0 or (\$164,359)        |
|   |                                      |                           |                           |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>Up to \$10,500 to (\$146,108)</b> | <b>\$0 or (\$162,694)</b> | <b>\$0 or (\$164,359)</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| FUND AFFECTED   | FY 2016           | FY 2017           | FY 2018           |
| Insurance Dedicated                                       | 0 or 2 FTE        | 0 or 2 FTE        | 0 or 2 FTE        |
|   |                   |                   |                   |
| <b>Total Estimated<br/>Net Effect on<br/>FTE</b>          | <b>0 or 2 FTE</b> | <b>0 or 2 FTE</b> | <b>0 or 2 FTE</b> |

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

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

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Sections 195.070, 334.037, 334.104, 334.747, 374.015, and 376.791**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume that 2 FTEs (1 Attorney and 1 Paralegal) would be sufficient to cover the additional legal work in this proposal. However, should the volume of request for no-action letters be more than anticipated, the department will request an additional FTE (1 Attorney) through the budget process. Currently the state has 264 insurance groups with premiums greater than \$2,000,000. A fair estimate is that 1 in 2 insurance groups will request a no-action letter in a given year. This would translate to about 132 requests per year.

**Oversight** assumes that because this proposal is discretionary DIFP would only take action if the required funds were appropriated through the budget process.

For fiscal note purposes, **Oversight** will show a zero or the full cost of the additional FTE associated with the proposal, as estimated by DIFP.

#### **Section 324.023**

Officials from the **DIFP** believe the provisions of this bill can be handled within current appropriations. However, should the extent of the work be more than anticipated, some boards may require an additional FTE and expenses, which would be requested through the appropriation process.

#### **Section 375.1605**

Officials from the **DIFP** assume the current proposal would not fiscally impact their agency.

In response to a similar proposal from this session, SB 402, Officials from the **Department of Labor and Industrial Relations** assumed the proposal would not fiscally impact their agency.

#### **Section 376.379**

In response to a similar proposal from this session, SB 528, officials from the **Department of Health and Senior Services** and the **Missouri Department of Conservation** each assumed the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

Officials from the **DIFP**, the **Missouri Consolidated Health Care Plan**, the **Department of Transportation**, and the **Department of Social Services** 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.

Section 376.388

Officials from the **DIFP** assume the current proposal would not fiscally impact their agency.

Sections 338.075, 338.200, and 354.415

Officials from the **DIFP** estimates up to 210 amendments to HMO policies due to this proposal. 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 \$10,000.

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 department will need to request additional staff to handle increase in workload.

**This proposal will increase Total State Revenue.**

| <u>FISCAL IMPACT - State Government</u>                     | FY 2016<br>(10 Mo.)                             | FY 2017                              | FY 2018                              |
|---|---|--------------------------------------|--------------------------------------|
| <b>INSURANCE DEDICATED FUND</b>                             |   |                                      |                                      |
| <u>Costs - DIFP</u>   |   |                                      |                                      |
| Salaries  | \$0 or (\$87,500)                               | \$0 or<br>(\$106,050)                | \$0<br>or (\$107,111)                |
| Fringe Benefits   | \$0 or (\$44,629)                               | \$0 or (\$54,091)                    | \$0 or (\$54,632)                    |
| Equipment and Expenses                                      | <u>\$0 or (\$13,979)</u>                        | <u>\$0 or (\$2,553)</u>              | <u>\$0 or (\$2,616)</u>              |
| <u>Total Costs - DIFP</u>                                   | <u>\$0 or<br/>(\$146,108)</u>                   | <u>\$0<br/>or (\$162,694)</u>        | <u>\$0<br/>or (\$164,359)</u>        |
| FTE Change - DIFP   | 0 or 2 FTE                                      | 0 or 2 FTE                           | 0 or 2 FTE                           |
| <u>Revenues - DIFP</u>                                      |   |                                      |                                      |
| Policy Amendment Fees                                       | <u>Up to \$10,500</u>                           | <u>\$0</u>                           | <u>\$0</u>                           |
| <b>ESTIMATED NET EFFECT ON<br/>INSURANCE DEDICATED FUND</b> | <b><u>Up to \$10,500<br/>to (\$146,108)</u></b> | <b><u>\$0 or<br/>(\$162,694)</u></b> | <b><u>\$0 or<br/>(\$164,359)</u></b> |
| Estimated net FTE Change on the<br>Insurance Dedicated Fund | 0 or 2 FTE                                      | 0 or 2 FTE                           | 0 or 2 FTE                           |
| <br><u>FISCAL IMPACT - Local Government</u>                 |   |                                      |                                      |
|   | FY 2016<br>(10 Mo.)                             | FY 2017                              | FY 2018                              |
|   | <u><b>\$0</b></u>                               | <u><b>\$0</b></u>                    | <u><b>\$0</b></u>                    |

FISCAL IMPACT - Small Business

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

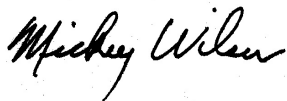
FISCAL DESCRIPTION

The proposed legislation changes laws regarding insurance regulations.

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 Consolidated Health Care Plan  
Department of Transportation  
Missouri Consolidated Health Care Plan  
Department of Labor and Industrial Relations  
Missouri Department of Conservation  
Department of Health and Senior Services



Mickey Wilson, CPA  
Director  
May 11, 2015

Ross Strobe  
Assistant Director  
May 11, 2015