

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5458-05
Bill No.: HCS for SS for SCS for SB Nos. 865 & 866
Subject: Pharmacy; Administrative Rules; Administrative Law; Professional Registration and Licensing; Drugs and Controlled Substances
Type: Original
Date: April 15, 2016

Bill Summary: This proposal changes the laws relating to health care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Dedicated	(\$81,274)	(\$189,765)	(\$192,592)
Total Estimated Net Effect on Other State Funds	(\$81,274)	(\$189,765)	(\$192,592)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Dedicated	3	3	3
Total Estimated Net Effect on FTE	3	3	3

☒ 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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Bill as a Whole

Officials from the **Department of Social Services**, the **Department of Mental Health**, the **Missouri Department of Conservation**, the **Department of Transportation**, and the **Missouri Consolidated Health Care Plan** 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 376.379

Officials from the from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 3 amendments per licensed company in the non-comprehensive market. At the end of 2015 there were 435 companies writing non-comprehensive plans licensed in Missouri. 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 \$65,250.

Section 376.465

DIFP assumes the proposal requires independent rate filings any time rates change for an existing policy form, including each separate rider/amendment. The proposal applies to all forms of health insurance, not just major medical. It is expected that there will be approximately 2,350 filings per year x \$50 filing fee = \$117,500.

All filings shall be received no later than sixty days prior to their effective date. The DIFP shall review the proposed rates and ensure that they are appropriate, not excessive, inadequate, or unfairly discriminatory within sixty days from the date of the filing. DIFP may promulgate rules to implement these provisions.

Due to the turn-around time prescribed in the proposal, the department will need at least 1 Actuary (\$140,000/annually) and 2 Insurance Product Analyst (\$36,204 each/annually) for policy review, and review of rates for actuarial soundness.

ASSUMPTION (continued)

This legislation indicates that for significant rate increases DIFP must organize a public hearing for the insurance carrier to provide necessary information for the director to determine if the rate increase is justified. A rate shall not be considered justified if it is excessive, inadequate, or unfairly discriminatory. If the DIFP determines that the rate is not justified, the DIFP shall issue an order prohibiting the use of the proposed premium rate.

Section 376.1900

DIFP assume insurers would be required to submit amendments to their policies to comply with 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 \$5,000.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
INSURANCE DEDICATED FUND			
<u>Income</u> - Policy Amendment Fees	\$184,750	\$117,500	\$117,500
<u>Costs</u> - DIFP			
Salaries	(\$177,007)	(\$214,532)	(\$216,677)
Fringe Benefits	(\$65,529)	(\$88,886)	(\$89,472)
Equipment & Expenses	(\$23,488)	(\$3,847)	(\$3,943)
<u>Total Costs</u> - DIFP	<u>(\$266,024)</u>	<u>(\$307,265)</u>	<u>(\$310,092)</u>
FTE Change - DIFP	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$81,274)</u>	<u>(\$189,765)</u>	<u>(\$192,592)</u>
Estimated Net FTE Change on the Insurance Dedicated Fund	3 FTE	3 FTE	3 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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

The bill requires health carriers or managed care plans offering health benefit plans with prescription drug coverage to offer medication synchronization services that aligns prescription refill dates. Charging more than the normal co-payment is prohibited for quantities less than prescribed.

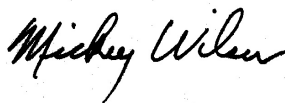
This proposal requires every health carrier to file its premium rates and classification of risk with the Department of Insurance, Financial Institutions and Professional Registration for approval.

This proposal allows a health carrier to reimburse a health care provider for certain telehealth services.

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 Mental Health
Department of Public Safety
Missouri Highway Patrol
Missouri Department of Conservation
Missouri Consolidated Health Care Plan
Department of Transportation



Mickey Wilson, CPA
Director

Ross Strobe
Assistant Director

L.R. No. 5458-05
Bill No. HCS for SS for SCS for SB Nos. 865 & 866
Page 6 of 6
April 15, 2016

April 15, 2016

April 15, 2016