

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5458-07
Bill No.: CCS for HCS for SS for SCS for SB Nos. 865 & 866
Subject: Pharmacy; Administrative Rules; Administrative Law; Professional Registration and Licensing; Drugs and Controlled Substances; Insurance - Health
Type: Original
Date: May 6, 2016

Bill Summary: This proposal modifies various provisions regarding palliative care, the Board of Pharmacy, pharmacists, health insurance, and pharmacy benefit managers.

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 <u>Other</u> State Funds	(\$81,274)	(\$189,765)	(\$192,592)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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

Sections 191.1075 - 191.1085

In response to a similar proposal from this session, HB 1994, officials from the **Department of Health and Senior Services (DHSS)** stated section 191.1080 creates the Missouri Palliative Care and Quality of Life Interdisciplinary Council and directs the DHSS to coordinate meeting logistics. These activities will be accomplished through the use of current staff.

Funds are requested for the reimbursement of travel expenses for the Council members to attend Council meetings. DHSS assumes the meetings will be held biannually. The cost per Council member to attend these meetings is calculated at \$180 per day for lodging, meals, and mileage. The total cost for the Council meetings in the first year is calculated at \$1,980 (11 members x 1 meeting x \$180). Subsequent years include a 2.5 percent cost of living increase and two meetings per year.

Total Cost:

FY 17: \$1,980 General Revenue (GR)

FY 18: \$4,059 GR

FY 19: \$4,160 GR

Section 191.1085 creates the Palliative Care Consumer and Professional Information and Education Program within DHSS. DHSS is to publish information and resources, including links to external resources, about palliative care on its website. Some resources are already identified on the DHSS website. The addition of further resources, links, etc. on the website will be accomplished through the use of current staff.

Oversight assumes DHSS appropriations are sufficient to cover the Council members' travel costs within current funding levels. If costs significantly exceed estimates, the DHSS may seek additional resources through the appropriations process.

In response to a similar proposal from this session, HB 1994, officials from the **University of Missouri Health Care** has determined that the proposed legislation, as written, should not create additional expenses in excess of \$100,000 annually.

Oversight assumes this is the materiality threshold for the UM Health Care and that any costs incurred by UM can be absorbed within current resource levels.

In response to a similar proposal from this session, HB 1994, officials from the **Office of the Governor (GOV)** state section 191.1080 establishes the Missouri Palliative Care and Quality of Life Interdisciplinary Council which includes seven gubernatorial appointees. There should be no added cost to the GOV as a result of this measure.

ASSUMPTION (continued)

However, if additional duties are placed on the office related to appointments in other Truly Agreed To and Finally Passed (TAFP) legislation, there may be the need for additional staff resources in future years.

In response to a similar proposal from this session, HB 1994, officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

In response to a similar proposal from this session, HB 1994, officials from the **Missouri Senate** assume the proposal would not fiscally impact their agency.

Section 376.379

In response to a previous version of this proposal, officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimated 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.

ASSUMPTION (continued)

Section 376.465

In response to a previous version of this proposal, officials from the 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.

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.

Bill as a Whole

Officials from the **Missouri Consolidated Health Care Plan** and the **Department of Mental Health** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
INSURANCE DEDICATED FUND			
<u>Income</u> - Policy Amendment Fees (§376.465)	\$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	<u>(\$23,488)</u>	<u>(\$3,847)</u>	<u>(\$3,943)</u>
<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.

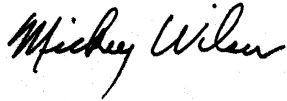
FISCAL DESCRIPTION

This act modifies various provisions regarding palliative care, the Board of Pharmacy, pharmacists, health insurance, and pharmacy benefit managers.

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
Joint Committee on Administrative Rules



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May 6, 2016

Ross Strobe
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May 6, 2016