

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5864-01  
Bill No.: SB 911  
Subject: Insurance - Health; Health Care; Health Care Professionals  
Type: Original  
Date: January 25, 2016

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Bill Summary: This proposal modifies provisions related to health insurance.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2017</b> | <b>FY 2018</b> | <b>FY 2019</b> |
|  |                |                |                |
| <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>              |                       |                |                |
|---|-----------------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2017</b>        | <b>FY 2018</b> | <b>FY 2019</b> |
| Insurance Dedicated   | Up to \$18,300        | \$0            | \$0            |
|   |                       |                |                |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>Up to \$18,300</b> | <b>\$0</b>     | <b>\$0</b>     |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2017</b> | <b>FY 2018</b> | <b>FY 2019</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</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> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2017</b> | <b>FY 2018</b> | <b>FY 2019</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** provide the following assumptions:

#### **Section 354.415**

DIFP estimates up to 210 amendments to HMO policies due to this legislation. 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 \$10,500.

#### **Sections 375.936 and 376.426**

DIFP estimates up to 156 amendments to comprehensive major medical carrier policies due to this legislation. 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 \$7,800.

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 **Department of Social Services, MO HealthNet Division and Division of Legal Services**, the **Missouri Consolidated Health Care Plan** and the **Missouri Department of Conservation** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety, Missouri State Highway Patrol** defer to the Missouri Department of Transportation (MoDOT), Employee Benefits Section for response on behalf of the Highway Patrol. Please see MoDOT's fiscal note response for the potential fiscal impact of this proposal.

ASSUMPTION (continued)

**Oversight** notes that Section 354.415 of this proposal is very similar to HB 1592 from the current session, and is providing the following agency response from HB 1592:

Officials from the **Missouri Department of Transportation** assumed the proposal would not fiscally impact their agency.

**Oversight** assumes the provisions of this proposal will be effective January 1, 2017, when the new plan year for state employee insurance begins.

| <u>FISCAL IMPACT - State Government</u>                         | FY 2017<br>(10 Mo.)          | FY 2018           | FY 2019           |
|---|------------------------------|-------------------|-------------------|
| <b>INSURANCE DEDICATED FUND</b>                                 |                              |                   |                   |
| <u>Income - DIFP</u>  |                              |                   |                   |
| Form filing fees  | <u>Up to \$18,300</u>        | <u>\$0</u>        | <u>\$0</u>        |
| <b>ESTIMATED NET EFFECT ON THE<br/>INSURANCE DEDICATED FUND</b> | <b><u>Up to \$18,300</u></b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
| <br>  |                              |                   |                   |
| <u>FISCAL IMPACT - Local Government</u>                         | FY 2017<br>(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 allows a health maintenance organization to offer health benefit plans with co-payments that exceed fifty percent of the total cost of a service except as specifically prohibited under chapter 354 and chapter 376 of Missouri statutes. This act also removes specific requirements for cost sharing limitations and replaces the language with a reference to 42 U.S.C. Section

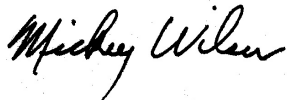
ASSUMPTION (continued)

18022(c) which describes essential health benefits requirements relating to cost-sharing. This act also modifies unfair trade practices in the business of insurance by exempting health carriers offering health benefit plans using gatekeeper group plans from the unfair discrimination provision requiring full freedom of choice in selection of a health care provider.

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 Public Safety -  
Missouri State Highway Patrol  
Department of Social Services -  
MO HealthNet Division  
Division of Legal Services  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



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January 25, 2016

Ross Strobe  
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January 25, 2016