

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3729-02
Bill No.: HCS for SB 551
Subject: Insurance - General; Department of Commerce and Insurance; Department of Health and Senior Services
Type: Original
Date: May 5, 2020

Bill Summary: This proposal modifies provisions relating to regulation of certain person lines insurance services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§194.320 - Anatomical gifts to persons with disabilities

In response to a similar proposal from this year (SB 712), officials from the **University of Missouri Health Care** have reviewed the proposed legislation and determined that, as written, it should not create expenses in excess of \$100,000 annually.

Oversight notes, based on conversations with University of Missouri Health Care officials, expenses expected to be less than \$100,000 annually are considered absorbable within current funding levels. Therefore, for fiscal note purposes, Oversight assumes no fiscal impact for the University of Missouri Health Care.

Officials from the **Department of Commerce and Insurance** and **Department of Health and Senior Services** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes the **Department of Mental Health** and the **Office of State Courts Administrator** have each stated in a similar proposal (SB 712) that the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

§303.200 - Regulation of residual insurance market entities

Officials from the **Department of Commerce and Insurance (DCI)** assume the proposal will have no fiscal impact on their organization.

Officials from DCI stated that there is no fiscal impact to DCI because these high risk pools are currently already in operation and the department is already overseeing their operations. This legislation will not change or alter how the department oversees these operations.

ASSUMPTION (continued)

The language updates the organizational structure of the governing bodies of these high risk pools and provides personal liability protection to those serving at no compensation on these non-profit Boards and Commissions. Recent litigation around the country has revealed personal liability exposure for these non-compensated Board members. This language is intended to protect the individual board members from their personal liability; any professional liability arising through their official acts would still be covered by the high risk pools themselves.

As to the auto insurance high risk pool plan legislative language, this language allows the plan to change how policies are administered - by adding additional approved contractual arrangements. It adds provisions into the statute regarding assessments; however, that language reflects what was already within the approved Plan of Operation and reflects no change in how assessments for the auto high risk pool have been administered since its inception in the 1950s.

The current contract administrator for the private passenger auto insurance high risk pool, which contracted under the previous statutory language, has given formal notice they intend to terminate their contract. This language will allow the high risk pool to contract with other entities to continue servicing private passenger auto policies in the high risk pool.

Again, these provisions have no fiscal impact to the DCI.

In response to a similar proposal from this year (SB 779), from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§375.029 - Continuing education credits for insurance producers

Officials from the **Department of Commerce and Insurance (DCI)** state that their agency anticipates no fiscal impact from the provisions of this bill if an online, electronic method is utilized to capture continuing education credits for membership in professional organizations. DCI contacted the National Association of Insurance Commissioners' (NAIC) State Based Systems (SBS), the current online system utilized by department for continuing education confirmation of licensees, to confirm an electronic process was available. SBS believes their system can be used to capture approved continuing education credit for professional organizations.

ASSUMPTION (continued)

The professional organization seeking continuing education credit will be setup as a provider of continuing education in SBS with the director-approved continuing credit hours for membership. The professional organization would then submit a course roster for all licensees who are active members of the organization. Currently, the professional organization may have to pay a \$1 per credit hour cost to upload the roster, but the department is working with the NAIC/SBS on options.

If an electronic process is not possible, the department would be required to use a manual process for processing renewal applications of licensees that wanted to receive professional organization membership continuing education credit approved by the director. DCI may need to request additional FTE and appropriation to assist with any manual process and would do so through the department's budget request.

Oversight notes that the above mentioned agency has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to a similar proposal from this year (HCS/HB 1647), officials from the **Office of the Secretary of State (SOS)** assumed 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 \$5,000. 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 require additional resources.

ASSUMPTION (continued)

§375.246 - Credit for reinsurance

Officials from the **Department of Commerce and Insurance** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the Department of Commerce and Insurance has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§375.782 - Breast Cancer Screening and Evaluation

Officials from the **Department of Commerce and Insurance** and the **Department of Health and Senior Services** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (HB 2468), officials from the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Department of Public Safety - Missouri Highway Patrol** and the **Department of Social Services** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§376.1590 - Living Organ Donors

Officials from the **Department of Health and Senior Services (DHSS)** state that this proposal requires the Department of Health and Senior Services to make materials provided to it by a "recognized live organ donation organization" available to the public. The department assumes that the materials being made available to the public under Section 376.1590.3(2) would be made available electronically on the Organ and Tissue Donor Program web pages. Placing educational materials on the Organ and Tissue Donor Program web pages is a part of the normal ebb and flow of current work by staff.

Therefore, the Department anticipates being able to absorb these costs. However, until the FY21 budget is final, the Department cannot identify specific funding sources.

ASSUMPTION (continued)

Oversight notes that the DHSS has stated their agency anticipates being able to absorb cost related to the proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to a similar proposal from this year (HCS/HB 1709), officials from the **Office of the Secretary of State (SOS)** assumed 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 \$5,000. 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 require additional resources.

Officials from the **Department of Commerce and Insurance (DCI)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the DCI has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§§379.402 - 379.1816 - Inducements to insurance

Officials from the **Department of Commerce and Insurance** assume the proposal will have no fiscal impact on their organization.

In response to a similar proposal from this year (HCS/HB Nos. 1634 & 2085), officials from the **Missouri Department of Conservation** assumed the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

Oversight notes that the above mentioned agencies have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to a similar proposal from this year (HCS/HB Nos. 1634 & 2085), officials from the **Office of the Secretary of State (SOS)** assumed 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 \$5,000. 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 require additional resources.

In response to a similar proposal from this year (HCS/HB Nos. 1634 & 2085), officials from the **Department of Labor and Industrial Relations** deferred to the Office of Administration to estimate the fiscal impact of the proposed legislation on their organization.

§§379.860 - 383.175 - Regulation of residual insurance market entities

Officials from the **Department of Commerce and Insurance (DCI)** assume the proposal will have no fiscal impact on their organization.

Officials from DCI state that there is no fiscal impact to DCI because these high risk pools are currently already in operation and the department is already overseeing their operations. This legislation will not change or alter how the department oversees these operations.

ASSUMPTION (continued)

The language updates the organizational structure of the governing bodies of these high risk pools and provides personal liability protection to those serving at no compensation on these non-profit Boards and Commissions. Recent litigation around the country has revealed personal liability exposure for these non-compensated Board members. This language is intended to protect the individual board members from their personal liability; any professional liability arising through their official acts would still be covered by the high risk pools themselves.

As to the auto insurance high risk pool plan legislative language, this language allows the plan to change how policies are administered - by adding additional approved contractual arrangements. It adds provisions into the statute regarding assessments; however, that language reflects what was already within the approved Plan of Operation and reflects no change in how assessments for the auto high risk pool have been administered since its inception in the 1950s.

The current contract administrator for the private passenger auto insurance high risk pool, which contracted under the previous statutory language, has given formal notice they intend to terminate their contract. This language will allow the high risk pool to contract with other entities to continue servicing private passenger auto policies in the high risk pool.

Again, these provisions have no fiscal impact to the DCI.

Bill as a whole:

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

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Department of Transportation to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **Department of Transportation**, the **Office of Administration** and the **Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business insurance companies may be impacted by this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Commerce and Insurance
Department of Health and Senior Services
Department of Mental Health
Office of the State Courts Administrator
Office of the Secretary of State
Joint Committee on Administrative Rules

SOURCES OF INFORMATION (continued)

Missouri Consolidated Health Care Plan
Department of Public Safety
 Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Department of Labor and Industrial Relations
Department of Transportation
Office of Administration
Department of Revenue



Julie Morff
Director
May 5, 2020



Ross Strobe
Assistant Director
May 5, 2020