

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1030S.01I
 Bill No.: SB 43
 Subject: Commerce and Insurance, Department of; Health, Public; Insurance - Health;
 Medicaid/Mo Healthnet; Social Services, Department of;
 Type: Original
 Date: February 2, 2021

Bill Summary: This proposal requires health benefit plans to cover at least those services which are covered for persons receiving benefits under Mo HealthNet.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund	(Unknown, Could Exceed \$4,284,000)	(Unknown, Could Exceed \$8,568,000)	(Unknown, Could Exceed \$8,568,000)
Total Estimated Net Effect on General Revenue	(Unknown, Could Exceed \$4,284,000)	(Unknown, Could Exceed \$8,568,000)	(Unknown, Could Exceed \$8,568,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Other Funds	(Unknown, Could Exceed \$1,022,000)	(Unknown, Could Exceed \$2,044,000)	(Unknown, Could Exceed \$2,044,000)
Total Estimated Net Effect on <u>Other State Funds</u>	(Unknown, Could Exceed \$1,022,000)	(Unknown, Could Exceed \$2,044,000)	(Unknown, Could Exceed \$2,044,000)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Federal Funds	(Unknown, Could Exceed \$1,694,000)	(Unknown, Could Exceed \$3,388,000)	(Unknown, Could Exceed \$3,388,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown, Could Exceed \$1,694,000)	(Unknown, Could Exceed \$3,388,000)	(Unknown, Could Exceed \$3,388,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 376.1228

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state this proposal requires health benefit plans to cover at least those services which are covered for persons receiving benefits under MO HealthNet.

MCHCP is not included in the definition of “health carrier” under 376.1350, but section 104.801, requires MCHCP to keep their benefits in line with benefits mandated by the General Assembly for other plans. MCHCP currently does not pay for several services, which are covered under Section 208.152 as benefits to MO HealthNet participants. The largest categories listed in Section 208.152 which MCHCP does not currently cover are long-term care nursing home services and costs, non-emergency medical transportation, and personal care services.

MO HealthNet also provides prescribed medically necessary dental and optometric services for eligible needy children, pregnant women and blind persons. While MCHCP has additional coverage in these areas, many of these services are not currently covered under the medical coverage. If our policies were written to include these services only for these groups of members, we may have an issue with federal law concerning discrimination of our benefits.

When looking at nursing home costs, the average monthly cost of a semi-private room in Missouri for 2020 was \$5,019, according to seniorliving.org. This translates to an annual cost of \$60,228. According to the CDC in 2015 there were 1.3 million people in nursing homes. The US population was 320.7 million. Therefore, the percentage of people in nursing homes was .4 percent. MCHCP has 93,000 enrolled members making it roughly 377 members in a nursing home. Using a conservative number of 300 members in a nursing home, translates to a cost of a little over \$18 million. We do not currently have a discounted rate for nursing home services, as it is not a covered benefit, but even assuming a 25% discount, this would result in an annual fiscal impact of \$13.5 million. We would also have an additional cost for the other services currently not covered which are hard to estimate due to limited data, such as personal care services. We roughly estimate this legislation would have an impact on MCHCP of unknown, but greater than \$14 million. This would result in increased premium rates, which could be passed onto the member, the state or both.

Since it is unknown whether the cost of this proposal will be passed onto members, the state or both, **Oversight** will reflect an “unknown, could exceed” the estimated cost provided by MCHCP. The cost of the proposal is split between General Revenue, Federal Funds and Other Funds as listed below.

GR	\$8,568,000	61.2%
FED	\$3,388,000	24.2%
OTH	<u>\$2,044,000</u>	14.6%
TOTAL	\$14,000,000	

Officials from the **Department of Commerce and Insurance (DCI)** state that the Affordable Care Act (ACA) requires all non-grandfathered individual and small group qualified health plans to cover a core set of healthcare services within 10 essential health benefit (EHB) categories. In 2011, Missouri like other states adopted its core benchmark plan that defined the core benefits these plans must offer in the state. The ACA also requires that the cost of a new coverage mandate added by a state after adoption of its benchmark plan that is above and beyond the EHB benchmark will be the responsibility of the state.

45 C.F.R 155.170 requires states to defray the cost of additional required benefits mandated by a state on or after January 1, 2012.

Documentation provided by the U. S. Department of Health and Human Services, Center for Consumer Information & Insurance Oversight (CCIIO) in Oct. 2018 instructed states that: “...although it is the state’s responsibility to identify which state required benefits require defrayal, states must make such determinations using the framework finalized at §155.170, which specifies that benefits required by state action taking place on or before December 31, 2011, may be considered EHB, whereas benefits required by state action taking place after December 31, 2011, other than for purposes of compliance with federal requirements, are in addition to EHB and must be defrayed by the state. For example, a law requiring coverage of a benefit passed by a state after December 31, 2011, is still a state mandated benefit requiring defrayal even if the text of the law says otherwise.” This bill requires that “Each health carrier or health benefit plan that offers or issues health benefit plans that are delivered, issued for delivery, continued, or renewed in this state on or after January 1, 2022, shall, at a minimum, provide coverage for all services covered for persons who receive MO HealthNet benefits under section 208.151 including, but not limited to, services listed under section 208.152.”

This provision appears to create new mandates for which the state must defray payments, as required under federal law. Specifically, there are several types of benefits covered by Medicaid that are not part of Missouri’s EHB benchmark or the subject of a state insurance coverage mandate. Examples of these benefit types are nursing home care (only covered under the benchmark for convalescent and rehabilitative care, not for custodial care), personal care services, and non-emergency medical transportation.

As a result the state may be required to defray the actuarial cost of new coverage requirements and make payments to either issuers or beneficiaries to negate potentially increased premiums. DCI does not know the increased utilization that may be created by the provisions of this bill. As a result there is a zero to unknown negative impact to General Revenue.

Oversight has reflected potential impact to the state per MCHCP’s cost estimate.

Officials from **Missouri Department of Transportation** find that that the MoDOT/Patrol medical plan provides coverage equal to those services provided to MoHealthNet recipients, therefore, MoDOT assumes the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note to this agency.

Officials from the **Department of Social Services**, the **Office of Administration**, the **Missouri Department of Conservation** and the **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Missouri Department of Transportation for the potential fiscal impact of this proposal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other counties 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.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (6 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
Cost – MCHCP Additional Insurance Coverage	<u>(Unknown, Could Exceed \$4,284,000)</u>	<u>(Unknown, Could Exceed \$8,568,000)</u>	<u>(Unknown, Could Exceed \$8,568,000)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Unknown, Could Exceed \$4,284,000)</u>	<u>(Unknown, Could Exceed \$8,568,000)</u>	<u>(Unknown, Could Exceed \$8,568,000)</u>

FEDERAL FUNDS			
Cost – MCHCP Additional Insurance Coverage	<u>(Unknown, Could Exceed \$1,694,000)</u>	<u>(Unknown, Could Exceed \$3,388,000)</u>	<u>(Unknown, Could Exceed \$3,388,000)</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>(Unknown, Could Exceed \$1,694,000)</u>	<u>(Unknown, Could Exceed \$3,388,000)</u>	<u>(Unknown, Could Exceed \$3,388,000)</u>
OTHER FUNDS			
Cost – MCHCP Additional Insurance Coverage	<u>(Unknown, Could Exceed \$1,022,000)</u>	<u>(Unknown, Could Exceed \$2,044,000)</u>	<u>(Unknown, Could Exceed \$2,044,000)</u>
ESTIMATED NET EFFECT TO OTHER FUNDS	<u>(Unknown, Could Exceed \$1,022,000)</u>	<u>(Unknown, Could Exceed \$2,044,000)</u>	<u>(Unknown, Could Exceed \$2,044,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (6 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
Cost – Potential additional insurance coverage	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

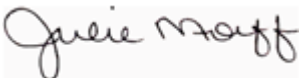
FISCAL DESCRIPTION

This act requires health benefit plans delivered, issued, continued, or renewed on or after January 1, 2022, to cover at least those services which are covered for persons receiving benefits under MO HealthNet.

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 Public Safety
 Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Missouri Consolidated Health Care Plan



Julie Morff
Director
February 2, 2021



Ross Strobe
Assistant Director
February 2, 2021