

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1030S.02C
 Bill No.: SCS for SB 43
 Subject: Children and Minors; Commerce and Insurance, Department of; Disabilities;
 Health, Public; Insurance - Health; Medicaid/Mo Healthnet; Social Services,
 Department of;
 Type: Original
 Date: February 12, 2021

Bill Summary: This proposal requires health benefit plans to cover at least those hearing aids which are covered for persons receiving benefits under MoHealthNet.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

*Officials from the Department of Commerce and Insurance assume this is a new health insurance coverage mandate; therefore, the state may be required to defray the actuarial cost of new coverage requirement and make payments to either issuers or beneficiaries to negate increased potentially increased premiums. Oversight assumes this cost could exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

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 or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 376.1228

Officials from the **Department of Commerce and Insurance (DCI)** state 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 to children for all hearing aids covered for children who receive MO HealthNet benefits under section 208.151.

This provision appears to create new mandates for which the state must defray payments, as required under federal law. Specifically, this bill appears to require that health benefit plans cover hearing aids for children under the age of 18. As a result the state may be required to defray the actuarial cost of new coverage requirement and make payments to either issuers or beneficiaries to negate increased 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.

Further, Section 1557 of the ACA prohibits health plan from discriminating in providing benefits based on race, color, national origin, sex, age and disabilities – if they are receiving federal financial assistance. In this case federal financial assistance would include Advance Premium Tax Credits or APTC.

The following is an excerpt from the November 26, 2014 federal register; “...we caution both issuers and the States that age limits are discriminatory when applied to services that have been clinically effective at all ages. For example, it would be arbitrary to limit a hearing aid to enrollees who are 6 years of age or younger, since there may be some older enrollees for whom a hearing aid is medically necessary...”

Oversight does not know the increased utilization that may be created by the provisions of this proposal, therefore, Oversight will range the fiscal impact as \$0 to (unknown) cost to the General Revenue Fund to reimburse various entities for the new coverage mandate as described in this proposal.

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 **Missouri Consolidated Health Care Plan** and the **Office of Administration** 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.

In response to a previous version, officials from the **Department of Social Services** and the **Missouri Department of Conservation** each assumed 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 notes that the Senate Committee Substitute for Senate Bill 43 has reduced the scope of coverage that each health carrier or health benefit plan, at a minimum, can issue equal to those services provided to MoHealthNet recipients to only apply to children’s hearing aids; therefore, Oversight will show no fiscal impact to the state as reflected by MCHCP, MoDOT and MDC.

Officials from the Cities: **Claycomo, Corder, Hughesville, Kansas City, O’Fallon, Springfield and St. Louis Budget Division** 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.

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.

Oversight is unsure whether each local political subdivision’s health benefit plan covers hearing aids for children equal to coverage provided by MoHealthNet; therefore, Oversight will reflect a \$0 to (Unknown) cost to Local Political Subdivisions.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (6 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost – DCI New Coverage Mandate – possible reimbursement</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (6 Mo.)	FY 2023	FY 2024
LOCAL POLITICAL SUBDIVISIONS			
<u>Reimbursement – from the state for new health insurance coverage mandate</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost – Potential additional insurance coverage</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses that provide health insurance could be impacted by this proposal.

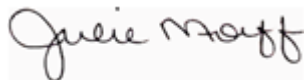
FISCAL DESCRIPTION

This act requires health benefit plans delivered, issued, continued, or renewed on or after January 1, 2022, to provide coverage to children for those hearing aids which are covered for children 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
Cities:
Claycomo
Corder
Hughesville
Kansas City
O'Fallon
Springfield
St. Louis Budget Division



Julie Morff
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February 12, 2021



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February 12, 2021