

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3359S.01I
 Bill No.: SB 1114
 Subject: Insurance - Health; Department of Commerce and Insurance; Medical Procedures and Personnel
 Type: Original
 Date: January 22, 2026

Bill Summary: This proposal requires health benefit plans to cover prostheses for hair loss due to cancer treatment.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	Could exceed (\$151,092 to \$214,932)	(\$152,932 to \$216,772)	(\$161,118 to \$224,958)
Total Estimated Net Effect on General Revenue	Could exceed (\$151,092 to \$214,932)	(\$152,932 to \$216,772)	(\$161,118 to \$224,958)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Other State	(\$7,425 to \$22,275)	(\$7,425 to \$22,275)	(\$7,425 to \$22,275)
State Road Fund (1320)	(\$40,000 to \$100,000)	(\$40,000 to \$100,000)	(\$40,000 to \$100,000)
Conservation Commission Fund (1609)*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on Other State Funds	(\$47,425 to could exceed \$122,725)	(\$47,425 to could exceed \$122,725)	(\$47,425 to could exceed \$122,725)

* Unknown number of members utilizing new health benefit coverage.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Funds (DSS)	(\$126,483 to \$147,793)	(\$231,291 to \$252,601)	(\$246,217 to \$267,527)
Total Estimated Net Effect on All Federal Funds	(\$126,483 to \$147,793)	(\$231,291 to \$252,601)	(\$246,217 to \$267,527)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Unknown number of members utilizing new health benefit coverage.

FISCAL ANALYSIS

ASSUMPTION

§376.1222 – Heath Benefit Plan Coverage

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this proposal requires health benefit plans to cover prostheses for hair loss due to cancer treatment.

As MCHCP is not a health care plan under the definition of 376.1350, this legislation would not apply to MCHCP using that definition. However, section 104.801 requires MCHCP to follow any law which mandates coverage of specific health benefits, services, or providers. Since this legislation does mandate benefits, services, or providers it would apply to MCHCP.

The potential fiscal impact of SB 1114 is \$50,000 - \$150,000.

These estimates were developed by using both group specific experience for MCHCP, as well as using the \$200 annual cost limit written into the bill. Although unlikely, MCHCP assumes all members who underwent chemotherapy in the past year would utilize this new benefit, and that the average cost incurred by these members would be the \$200 annual limit from the bill. This was done to offer additional conservatism to account for members who would instead elect to utilize the option having a more permanent, one-time, expenditure of up to \$3,200.

Oversight will reflect MCHCP's estimated cost of \$50,000 - \$150,000 annual cost to the General Revenue Fund, Other State Funds and Federal Funds.

General Revenue (63.84%) – (\$31,920 - \$95,760)
Federal Funds (21.31%) – (\$10,655 - \$31,965)
Other Funds (14.85%) – (\$7,425 - \$22,275)
Total – (\$50,000 - \$150,000)

Officials from the **Department of Social Services (DSS)** assume this legislation applies to MO HealthNet and would have an impact on the managed care capitation rates. MO HealthNet would need to submit a State Plan Amendment (SPA) for this change given that there are limitations on coverage and those limitations are needed in the SPA language. However, the 1915(b) waiver would not need to be amended as these services would be covered under durable medical equipment (DME) and changes are not needed when codes are added/deleted as long as there is no impact to cost effectiveness.

The legislation would result in an impact to the Managed Care capitation rates of up to \$320,000 and the actuarial cost to evaluate this program change would be no more than \$25,000. MHD is assuming a start date of January 1, 2027, to allow time for setup and implementation. For FY28 and FY29, a 6.765% medical inflation rate was used.

FY27 Total: \$185,000 (GR: \$69,172; Federal: \$115,828)

FY28 Total: \$341,648 (GR: \$121,012; Federal: \$220,636)

FY29 Total: \$364,760 (GR: \$129,198; Federal: \$235,562)

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated cost provided by DSS to the General Revenue Fund and Federal Funds.

Officials from the **Missouri Department of Transportation (MoDOT)** assume based on the number of individuals in the MoDOT/MSHP medical plan who underwent chemotherapy in the last year, the plan expects a negative annual impact of \$40,000 to \$100,000. The \$200 annual limit in this bill is assumed to be the average annual cost for these members.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated cost provided by MoDOT to the State Road Fund (1320).

Officials from the **City of Kansas City** assume the proposed legislation will have a negative fiscal impact of an indeterminate amount.

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal will have no fiscal impact on their organization.

Although the MDC stated there would be no fiscal impact as a result of this proposal, **Oversight** assumes this provision could have a fiscal impact on MDC as well as other government health plans. Since it is unknown if members of the health benefit plan will utilize the new coverage, Oversight will reflect a \$0 to Unknown fiscal impact to the, the Conservation Commission Fund (1609) and local political subdivisions.

Officials from the **Department of Commerce and Insurance (DCI)** state the Affordable Care Act (ACA) requires all non-grandfathered individual and small group health plans to cover a core set of health care services within 10 essential health benefit (EHB) categories. In 2012, Missouri, like other states, adopted a 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. States may require qualified health plans to offer benefits in addition to essential health benefits. States will identify which state-required benefits are in addition to the EHB and must make payments to defray the cost of additional benefits either to enrollees in qualified health plans or directly to the qualified health plans, on behalf of their enrollees.

Documentation provided by the U. S. Department of Health and Human Services, Center for Consumer Information & Insurance Oversight (CCIIO) in October 2018 instructed states as

follows:

Although it is the state's responsibility to identify which state required benefits require defrayment, 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 defrayment even if the text of the law says otherwise.

This proposal requires, in pertinent part, that "Any health benefit plan delivered, issued for delivery, continued or renewed on or after January 1, 2027, shall provide coverage for prostheses and expenses for scalp hair prostheses worn for hair loss suffered as a result of cancer treatment." This provision appears to create a new mandate for which the state must defray payments, as required under federal law. 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 potential premium increases. DCI does not know the increased utilization that may be created by the provisions of this proposal. As a result, there is a zero to unknown negative impact to General Revenue.

In 2011, the Missouri General Assembly enacted section 376.1190, which states, "any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the oversight division of the joint committee on legislative research. The oversight division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted."

Officials from the **Oversight Division** notes in 2011, the Missouri General Assembly enacted section 376.1190, which states that "any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the oversight division of the joint committee on legislative research. The oversight division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted."

The customary process for an actuarial analysis involves Oversight contracting with an outside firm who will request experience data from the largest insurance carriers in the State of Missouri. Since current law (§ 376.1190) requires any "proposed" mandate receive an actuarial analysis, the timing may not allow for such in-depth reviews. In 2013 Oversight contracted with a company to perform an actuarial analysis for Senate Bill 262, Senate Bill 159, and Senate Bill 161. Due to the timing of the analysis, the company noted requesting outside data was not possible. This limited analysis in 2013 cost almost \$25,000. Given the cost increases over the last ten years, the

varying degree of available information to the outside firm and the potential for more in-depth analysis if the information and timing allow, Oversight can easily assume that a current analysis “could exceed \$50,000”.

The Oversight Division does not currently have the appropriation to cover the costs of an actuarial analysis and would need to request such additional funding through the budget process.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the MoDOT/MHP Health Care Board for response relating to the fiscal impact of this proposal on their organization.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other city officials were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVEUE			
<u>Cost</u> – Oversight Division (§376.1222) Actuarial Analysis p.5-6	Could exceed (\$50,000)	\$0	\$0
<u>Cost</u> – MCHCP (§376.1222) Prostheses Coverage p.3	(\$31,920 to \$95,760)	(\$31,920 to \$95,760)	(\$31,920 to \$95,760)
<u>Cost</u> – DSS (§376.1222) Prostheses Coverage p.3-4	(\$69,172)	(\$121,012)	(\$129,198)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed (\$151,092 to \$214,932)	(\$152,932 to \$216,772)	(\$161,118 to \$224,958)

OTHER STATE FUNDS			
<u>Cost</u> – MCHCP (§376.1222) Prostheses Coverage p.3	(\$7,425 to <u>\$22,275</u>)	(\$7,425 to <u>\$22,275</u>)	(\$7,425 to <u>\$22,275</u>)
ESTIMATED NET EFFECT TO OTHER FUNDS			
	(\$7,425 to <u>\$22,275</u>)	(\$7,425 to <u>\$22,275</u>)	(\$7,425 to <u>\$22,275</u>)
 STATE ROAD FUND (1320)			
<u>Cost</u> – MoDOT (§376.1222) Prostheses Coverage p.4	(\$40,000 to <u>\$100,000</u>)	(\$40,000 to <u>\$100,000</u>)	(\$40,000 to <u>\$100,000</u>)
ESTIMATED NET EFFECT TO THE STATE ROAD FUND (1320)			
	(\$40,000 to <u>\$100,000</u>)	(\$40,000 to <u>\$100,000</u>)	(\$40,000 to <u>\$100,000</u>)
 CONSERVATION COMMISSION FUND (1609)			
<u>Cost</u> – MDC (§376.1222) Prostheses Coverage p.4	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND (1609)			
	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
 FEDERAL FUNDS			
<u>Cost</u> – MCHCP (§376.1222) Prostheses Coverage p.3	(\$10,655 to <u>\$31,965</u>)	(\$10,655 to <u>\$31,965</u>)	(\$10,655 to <u>\$31,965</u>)
<u>Cost</u> – DSS (§376.1222) Prostheses Coverage p.3-4	(\$115,828)	(\$220,636)	(\$235,562)
ESTIMATED NET EFFECT TO FEDERAL FUNDS			
	(\$126,483 to <u>\$147,793</u>)	(\$231,291 to <u>\$252,601</u>)	(\$246,217 to <u>\$267,527</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
*Cost – Local Political Subdivisions (§376.411) Elimination of channel management programs p.4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Unknown number of members utilizing new health benefit coverage.

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act requires health benefit plans to provide coverage for prostheses and scalp hair prostheses worn for hair loss suffered as a result of cancer treatment.

The coverage is subject to benefit limits and restrictions on out-of-pocket costs, as specified in the act.

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

Missouri Consolidated Health Care Plan

Oversight Division

City of Kansas City



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