

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4611S.01I  
 Bill No.: SB 897  
 Subject: Department of Commerce and Insurance; Health Care; Hospitals; Insurance -  
 Health; Medical Procedures and Personnel  
 Type: Original  
 Date: March 1, 2026

Bill Summary: This proposal enacts provisions relating to prior authorization of health care services.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(Could exceed \$842,420 to \$1,603,140)	(Could exceed \$829,920 to \$1,590,640)	(Could exceed \$829,920 to \$1,590,640)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$842,420 to \$1,603,140)</b>	<b>(Could exceed \$829,920 to \$1,590,640)</b>	<b>(Could exceed \$829,920 to \$1,590,640)</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Other State Funds	(\$193,050 to \$311,850)	(\$193,050 to \$311,850)	(\$193,050 to \$311,850)
State Road Fund (1320)	\$0 to (\$588,000)	\$0 to (\$588,000)	\$0 to (\$588,000)
Conservation Commission Fund (1609)*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown, could exceed \$193,050 to \$899,850)</b>	<b>(Unknown, could exceed \$193,050 to \$899,850)</b>	<b>(Unknown, could exceed \$193,050 to \$899,850)</b>

\*Potential prior authorization exemptions that could exceed \$250,000.

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Funds (MCHCP/DSS)	(\$298,530 to \$460,010)	(\$277,030 to \$447,510)	(\$277,030 to \$447,510)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(\$298,530 to \$460,010)</b>	<b>(\$277,030 to \$447,510)</b>	<b>(\$277,030 to \$447,510)</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

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

\*Potential prior authorization exemptions.

## FISCAL ANALYSIS

### ASSUMPTION

#### §§376.2100 – 376.2108 – Prior Authorization

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this legislation creates a prior authorization exemption, which would allow providers to skip prior authorization requirements if they qualify by meeting a 90% approval threshold in the 6 months prior. Once this exemption is applied, payment can only be withheld for limited reasons that does not include the service being later found not medically necessary in whole or in part.

It is unknown how many providers serving MCHCP members would qualify for this exemption. For this calculation, it is assumed that 15% of providers would qualify. It is also unknown how many cases would be authorized under the exemption that would otherwise be deemed not medically necessary in whole or in part. It is assumed a 5% utilization increase once Prior Authorization controls are off. SB 897 would have an estimated impact of \$1,300,000 to \$2,100,000 for MCHCP.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the cost estimated provided by MCHCP, broken out as follows:

General Revenue Fund - \$829,920 - \$1,340,640 (63.84%)  
Federal Fund - \$277,030 - \$447,510 (21.31%)  
Other Fund - \$193,050 - \$311,850 (14.85%)  
**Total - \$1,300,000 - \$2,100,000 (100%)**

Officials from the **Missouri Department of Transportation (MODOT)** state the MoDOT/MSHP medical plan is not a health carrier under the definitions of this bill. However, should these provisions apply to Anthem or any other administrator, the plan expects costs to be passed on of \$49,000 per month or \$588,000 per year due to removal of pre-authorization for health services.

Since it is unknown if this legislation will apply to the MoDOT/MSHP plan, **Oversight** will range cost as \$0 (the legislation does not apply to the plan) to the estimated cost provided by MoDOT to the State Road Fund (1320).

Officials from the **Missouri Department of Conservation** and the **City of Kansas City** each assume the proposal will have no fiscal impact on their organizations.

**Oversight** notes that although the Missouri Department of Conservation and the City of Kansas City assume no fiscal impact, Oversight assumes this legislation could affect other insurance plans such as the Missouri Department of Conservation and local political subdivisions.

Oversight will reflect a \$0 to Unknown cost to the Conservation Commission Fund (0609) and local political subdivisions.

Officials from the **Department of Commerce and Insurance (DCI)** assume this proposal would create a prior authorization “Gold Card” program, allowing health care providers to bypass prior authorization requirements under certain circumstances. This proposal will likely result in increased consumer and provider complaints.

The department believes the costs of this bill can be absorbed within current appropriations. However, should the cost exceed the anticipated amount, the department would request an increase to FTE and/or appropriations as appropriate through the budget process.

Officials from the DCI assume the cost of the proposal can be absorbed. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Department of Social Services (DSS)** assume this legislation applies to Chapter 376 and states that a Medicaid managed care organization, as defined in section 208.431, shall be considered a health carrier for purposes of sections 376.2100 to 376.2108. Subsequently, this legislation would apply to MO HealthNet Managed Care and there could be a fiscal impact.

The Managed Care Health Plans (HP) have prior authorization processes in place, and this legislation would result in providers not needing to obtain prior authorization for services unless the HP determines that it has approved or would have approved less than 90% of prior authorization requests submitted by that provider for health care services in the most recent evaluation period. MHD estimates that there could be an impact on the administrative component of the rate for the additional reporting, reviewing, and monitoring of the prior authorizations.

However, MHD does not have enough information at this time to ascertain whether there would be an impact on the service portion of the capitated rate. This will require an actuarial analysis estimated to cost \$25,000 for this program change. (FY 2026 - \$25,000 (GR: \$12,500; Federal: \$12,500))

Since it is unknown if and how this legislation will impact the service portion of the capitated rate, **Oversight** will range the cost to GR and Federal funds as \$0 or (Unknown, could exceed \$250,000). Oversight will also reflect the actuarial analysis cost provided by DSS in FY 2026 only.

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 received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. A listing

of political subdivisions included in the Missouri Legislative Information System database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE FUND</b>			
<u>Cost – MCHCP (§§376.2100 - 376.2108) Prior Authorization Exemptions p.3</u>	(\$829,920 to \$1,340,640)	(\$829,920 to \$1,340,640)	(\$829,920 to \$1,340,640)
<u>Cost – DSS (§§376.2100 - 376.2108) Actuarial analysis p. 4</u>	(\$12,500)	\$0	\$0
<u>Cost – DSS (§§376.2100 - 376.2108) Prior Authorization Exemptions p.4</u>	\$0 or (Unknown, could exceed \$250,000)	\$0 or (Unknown, could exceed \$250,000)	\$0 or (Unknown, could exceed \$250,000)
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>(Could exceed \$842,420 to \$1,603,140)</b>	<b>(Could exceed \$829,920 to \$1,590,640)</b>	<b>(Could exceed \$829,920 to \$1,590,640)</b>
<b>FEDERAL FUNDS</b>			
<u>Cost – MCHCP (§§376.2100 - 376.2108) Prior Authorization Exemptions p.3</u>	(\$277,030 to \$447,510)	(\$277,030 to \$447,510)	(\$277,030 to \$447,510)
<u>Cost- DSS (§§376.2100 - 376.2108) Actuarial analysis p. 4</u>	(\$12,500)	\$0	\$0
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b>(\$298,530 to \$460,010)</b>	<b>(\$277,030 to \$447,510)</b>	<b>(\$277,030 to \$447,510)</b>
<b>OTHER STATE FUNDS</b>			
<u>Cost – MCHCP (§§376.2100 - 376.2108) Prior Authorization Exemptions p.3</u>	(\$193,050 to \$311,850)	(\$193,050 to \$311,850)	(\$193,050 to \$311,850)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>ESTIMATED NET EFFECT TO OTHER STATE FUNDS</b>	<b><u>(\$193,050 to \$311,850)</u></b>	<b><u>(\$193,050 to \$311,850)</u></b>	<b><u>(\$193,050 to \$311,850)</u></b>
<b>CONSERVATION COMMISSION FUND (1609)</b>			
<u>Cost – MDC (§§376.2100 - 376.2108) Prior Authorization Exemptions p.3</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>
<b>STATE ROAD FUND (1320)</b>			
<u>Cost – MoDOT (§§376.2100 - 376.2108) Prior Authorization Exemptions p.3</u>	\$0 to <u>(\$588,000)</u>	\$0 to <u>(\$588,000)</u>	\$0 to <u>(\$588,000)</u>
<b>ESTIMATED NET EFFECT TO OTHER STATE FUNDS</b>	<b><u>\$0 to (\$588,000)</u></b>	<b><u>\$0 to (\$588,000)</u></b>	<b><u>\$0 to (\$588,000)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – Local Political Subdivisions (§§376.2100 - 376.2108) Prior Authorization Exemptions p.3</u>	0 to <u>(Unknown)</u>	0 to <u>(Unknown)</u>	0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to (Unknown)</u></b>

FISCAL IMPACT – Small Business

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

## FISCAL DESCRIPTION

This act provides that health care providers shall not be required to obtain prior authorization for a health care service unless the health carrier or utilization review entity determines that in the most recent evaluation period, as defined in the act, less than 90% of the prior authorization requests submitted by that provider for that health care service were approved or would have been approved.

Additionally, health care providers shall not be required to obtain prior authorization for any health care services unless the health carrier or utilization review entity has approved or would have approved less than 90% of all prior authorization requests submitted by that provider for health care services.

Health carriers and utilization review entities shall notify providers within 25 days after a determination is made under the act, shall include in the notification certain information used in making the determination, shall establish an appeals process for the providers, and shall maintain an online prior authorization portal as described in the act.

No health carrier or utilization review entity shall deny or reduce payment to a health care provider for a health care service for which the provider has prior authorization, except as described in the act.

This act shall not apply to MO HealthNet services not provided through a managed care organization, or to providers who have not participated in a health benefit plan offered by the health carrier for at least one full evaluation period.

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

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Missouri Consolidated Health Care Plan  
Kansas City



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March 1, 2026



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March 1, 2026