

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2663-01
BILL NO.: SB 699
SUBJECT: Consumer Protection; Health Care; Health Care Professionals; Hospitals; Medical Insurance
TYPE: Original
DATE: February 10, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
All fund*	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	\$1,500 to \$3,000	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds*	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

*Costs expected to exceed \$100,000.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Conservation**, the **Department of Health**, the **Department of Transportation**, and the **Department of Social Services** assume this proposal would not fiscally impact their agencies.

Department of Insurance (INS) officials state it is anticipated that current appropriations and staff would be able to absorb the work for implementation of this single proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals. INS states there are 30 health maintenance organizations that may be affected by this proposal. INS states that each insurer or health maintenance organization may submit a policy amendment for individual and one for group to comply. INS estimates a range of revenue impact of \$1,500 to \$3,000 to the Insurance Dedicated Fund.

The **Missouri Consolidated Health Care Plan (HCP)** assumes that three of the provisions in this proposal would result in costs. First, this proposal requires the coverage of patient costs for treatment being provided in a clinical trial, including the use of investigational new drug applications. HCP notes these drugs are typically expensive, resulting in additional costs to the plan. Second, HCP states that allowing obstetricians and gynecologists to participate as primary care physicians should have little fiscal impact. However, having direct access to speciality services provided by OB/GYN physicians could have an unknown fiscal impact. Third, HCP states that this proposal allows HMOs to be sued. HCP assumes this would increase premiums so that HMOs will be able to cover any potential liability. HCP assumes the costs associated with the proposal are not determinable; however, they are estimated to exceed \$100,000, annually.

Oversight assumes these cost estimates are based on HCP's current contract. Changes in future contracts could result in differing fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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ALL FUNDS

Costs - All Funds

Increased premiums/state contributions*	(Unknown)	(Unknown)	(Unknown)
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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
ESTIMATED NET EFFECT ON ALL FUNDS*	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

*Costs expected to exceed \$100,000.

INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>			
Filing fees	\$1,500 to <u>\$3,000</u>	\$0	\$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$1,500 TO</u> <u>\$3,000</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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LOCAL POLITICAL SUBDIVISIONS

<u>Cost - Local Political Subdivisions</u>			
Increased costs to health plan	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent they could incur increased health insurance costs due to the requirements of this proposal.

DESCRIPTION

This proposal would create additional protections for health care consumers. Currently, Section 354.443, RSMo, requires all health maintenance organizations (HMO) to disclose all financial arrangements to the Department of Insurance. This proposal would prohibit HMOs that operate
DESCRIPTION (continued)

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financial incentive plans from entering into agreements with providers or pharmaceutical manufacturers that would cause them to limit or reduce services or treatment to a patient.

This proposal would also require certain insurance companies to cover the cost of a patient's participation in a clinical trial if it involves treatment, prevention, or early detection of a life-threatening condition, including cancer. This requirement would apply if studies would be conducted in federally-approved Phase I through Phase IV clinical trials, if the trials would be conducted by capable personnel, and if there is no superior noninvestigational treatment alternative. Currently, Section 354.618, RSMo, allows female enrollees of health plans to seek health care services from an obstetrician/gynecologist (OB/GYN) once a year without a referral from her primary care provider. This proposal would allow a female enrollee to designate an OB/GYN as her primary care provider, if such status is accepted by the OB/GYN. Female enrollees who do not choose OB/GYNs as their primary care providers would not be required to obtain referrals before seeking their services.

Finally, this proposal would provide that an HMO has the duty to exercise ordinary care when making health care treatment decisions and would be liable for failure to carry out this duty. An HMO would also be liable for harm caused by treatment decisions made by its employees, agents, or representatives. A defense exists if the HMO did not control or influence the treatment decision or if payment was not delayed for the treatment. This proposal would not create an obligation for the HMO to provide services which are not covered by the plan.

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 Insurance

MPW:LR:OD:005 (9-94)

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

NOT RESPONDING: Department of Corrections



Jeanne Jarrett, CPA
Director
February 10, 2000