

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3801-02
BILL NO.: SCS for SB 885
SUBJECT: Insurance - Medical; State Employees
TYPE: Original
DATE: March 3, 2000

FISCAL SUMMARY

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

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	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health** assume this proposal would not fiscally impact their agency.

Missouri Consolidated Health Care Plan (HCP) officials state that currently HCP permits qualified public entities to initially join the HCP on the first of any month during the year. The following year HCP aligns the new group's contract year with the calendar year.

HCP states the proposal would not permit mid year entry. Mid year entry would create significant hardship for many public entities whose current contract year is different than a calendar year. Many of the groups entering are in this situation during their first year with HCP. They would have to bargain with the old carrier that they have chosen to terminate, for a partial year contract at a reasonable rate, something small employers have difficulty obtaining. This provision would add a significant cost for as many as 100 public employers annually. Further, those Public Entities without prior coverage would have to wait several additional months before making health insurance available to their employees. The cost for providing medical services to these uninsureds is unknown.

To calculate a fiscal note for the Public Entities, HCP used an average number of employees from the Public Entities with less than 200 employees. Currently, HCP has 730 groups with less than 200 employees. The average number of employees in these groups is 23 people. HCP is using a conservative estimate that the rate negotiated for the partial year would be 10% higher. HCP's average monthly premium for Public Entities is \$254.24. Assuming that most Public Entities would have to wait, on average, six months to join HCP, the fiscal impact for the Public Entities would be \$340,911. However, this cost could be significantly higher if a number of larger Public Entities had to delay their enrollment.

First Ten Months:	\$268,012
First Full Year:	\$340,911
Second Full Year:	\$375,002

Oversight assumes that it is unknown how many public entities would choose to join HCP in the future or at what time during the year the entities would make that choice. Oversight has reflected no state or local impact related to this bill.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would modify provisions relating to the Missouri Consolidated Health Care Plan. The word "instrumentality" would be added back to the definitions of "agency" and "participating member agency". Section 103.130, RSMo, currently allows new agencies to begin coverage on the first day of any month. New language would establish an annual effective date of January 1 at which to begin a newly enrolled participating member agency's coverage. Section 103.136, RSMo, currently prohibits a member agency from participating in the Plan for two years after its termination date, unless approved by the Board. The provision for Board approval would be deleted, thus preventing member agencies from participating for two years without exception.

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

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

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Department of Health
Missouri Consolidated Health Care Plan

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA
Director
March 3, 2000