

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1487-01
Bill No.: SB 367
Subject: Insurance - Medical; Health Care; Physicians
Type: Original
Date: February 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
All Funds	\$0	\$0	\$0
Insurance Dedicated	\$1,450	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$1,450	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
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 Social Services**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Transportation**, and the **Department of Conservation** assume this proposal would not fiscally impact their agencies.

Department of Insurance (INS) officials state HMOs would be required to amend contracts of coverage in order to comply with the proposal. INS states the amendments to contracts for coverage must be filed with INS. 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 would need to request additional staff to handle the increase in workload. INS estimates 29 HMOs would be required to file amendments to their policy form to comply with this proposal resulting in revenue of \$1,450. If multiple proposals pass during the legislative session which require policy form amendments to be filed, the insurers would probably file one amendment for all required mandates. This would result in increased revenue of \$1,450 for all proposals.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state any health carriers with multiple benefit lines would be prohibited from requiring participating providers to participate in all lines as a condition of contracting. HCP states the proposal would also prohibit the health carrier's contract language including mandatory use of a hospitalist. Currently, providers would be allowed to contract with a single product with our carriers. For instance, some carriers may be providers under United Health Care Select HMO and not the United Health Care Select Plus POS. Therefore, the provision should not fiscally impact HCP.

HCP states prohibiting the mandatory use of hospitalists could have an unknown fiscal impact on HCP. Most hospital personnel contact the member's PCP prior to treatment. The PCP usually oversees the care received and visits the member in the hospital. However, some plans do employ hospitalists and believe they are more cost effective than using the PCP or specialists. However, HCP is not aware of any studies on the cost effectiveness of hospitalists. Consequently, the plans may experience increased costs that would be recouped in premiums. However, the cost of this proposal is unknown.

Oversight assumes that the cost of a hospitalist would be between the member's PCP and hospitalist.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Form filing fees	\$1,450	\$0	\$0
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**ESTIMATED NET EFFECT ON
 INSURANCE DEDICATED FUND**

<u>\$1,450</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small businesses could expect to be fiscally impacted to the extent they may incur increased health insurance premiums as a result of the requirements of this proposal.

DESCRIPTION

Under this proposal, contracts entered into between health carriers and providers, after August 28, 2001, would not require the provider to participate in all of the products offered by the health carrier as a condition of the provider's participation in the plan. Additionally, no contract between providers and health carriers would require the mandatory use of a hospitalist. A "hospitalist" as used in subsection 10 of Section 354.606 of this proposal, would mean a physician who becomes a physician of record for a patient of a participating provider. The physician may return the care of the patient to that participating provider at the end of hospitalization.

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



Jeanne Jarrett, CPA
Director

February 12, 2001