

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1584-01
Bill No.: SB 412
Subject: Insurance - Medical; Liability; Medical Procedures and Personnel
Type: Original
Date: March 2, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Insurance Dedicated	\$10,000	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$10,000	\$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 Mental Health**, the **Department of Conservation**, the **Department of Transportation**, the **Department of Public Safety - Missouri State Highway Patrol**, and the **Department of Social Services** assume this proposal would not fiscally impact their agencies.

Department of Insurance (INS) officials state that health insurers and HMOs would be required to amend policy forms in order to comply with this proposal. INS states that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this 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 171 health insurers and 29 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 29 HMOs would each submit one policy form amendment resulting in revenues of \$10,000 to the Insurance Dedicated Fund. If multiple proposals pass during the legislative session which would require form amendments to be filed, the insurers would probably file one amendment for all required mandates. INS states this would result in increased revenue of \$10,000 for all proposals.

Officials for the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would prohibit the use of genetic information or test results for insurance purposes. HCP states this proposal would not have a fiscal impact on the state employees under HCP. However, the 2001 contract period allows for individual underwriting for new Public Entities with 100 or more employees. Currently, the basic procedure for health plans to underwrite is to collect and review the following medical information: 1) complete census of all eligible employees including: gender, birth date, coverage level, status (active/retiree), if currently covered, and home zip codes; and, 2) claims data: most recent 24 months of incurred claims history and shock claims over \$10,000 for the same period. HCP states that since the genetic and medical claims information are closely tied, health carriers would still be able to use the claim data to project any inherited conditions or diseases. Therefore, this proposal may not have any impact on the underwriting and rates of these groups. It would also allow for civil action for any violations. Therefore this portion of the proposal could have an unknown cost to the Public Entities.

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

INSURANCE DEDICATED FUND

Income - Department of Insurance

Form filing fees	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>
------------------	-----------------	------------	------------

**ESTIMATED NET EFFECT ON
 INSURANCE DEDICATED FUND**

	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>
--	-----------------	------------	------------

FISCAL IMPACT - Local Government

	FY 2002 (10 Mo.)	FY 2003	FY 2004
--	---------------------	---------	---------

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
--	------------	------------	------------

FISCAL IMPACT - Small Business

Small businesses which are genetic testing laboratories could be affected by the civil liability provisions of this proposal.

DESCRIPTION

This proposal would broaden the definition of "genetic information" and "genetic testing". Under this proposal, no insurer would deny coverage to an individual on the basis of the individual's genetic information. This proposal would apply to applications for coverage made on or after January 1, 2000. Under this proposal, an employer would not obtain genetic information of an employee or prospective employee nor would an employer require the collection of a DNA sample of an employee or prospective employee. This proposal would also broaden the scope of relief for a person harmed by genetic testing to include civil damages.

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



Jeanne Jarrett, CPA
Director

March 2, 2001