

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1835-03
Bill No.: Perfected SS for SCS for SB 448 and 588
Subject: Health Care; Medical Procedures and Personnel; Medicaid; Social Services
 Department; Family Services Division; Public Assistance
Type: Original
Date: April 25, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
All funds	\$0 to (\$480,800)	\$0 to (\$480,800)	\$0 to (\$480,800)
General Revenue	(\$338,188)	(\$367,194)	(\$397,991)
Insurance Dedicated	\$10,000	\$0	\$0
Conservation	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(\$328,188 TO UNKNOWN)	(\$367,194 TO UNKNOWN)	(\$397,991 TO UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

*Revenues and expenditures of approximately \$1.1 million annually net to \$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 9 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** and the **Department of Public Safety - Missouri State Highway Patrol** 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 from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would include insurance coverage for prostascint imaging as a prostate cancer screening technique for nonsymptomatic men with above normal PMSA expressions. HCP states that according to the National Cancer Institute, about 16% of males 50 and older will be diagnosed in their lifetime. HCP currently insures 15,022 males age 50 and older under the state plan and 2,784 males age 50 and older under the Public Entities. HCP states prostascint is brand name machine that is currently only available in limited geographical metropolitan areas of Missouri. By mandating this coverage, insurance companies may face charges of \$200 or higher per test. (This amount is arrived at Medicare's regional allowable amount of \$146.90 plus the professional component of \$36. This total is multiplied by 10% to determine a conservative HMO allowable amount.) The total cost of the test for 16% of our targeted population could run \$480,800 for our state population and \$89,000 for the Public Entity population. Health carriers would recoup this cost through premiums. However, there is no way to estimate how many would be diagnosed in each year, the cost of this proposal is unknown.

Department of Social Services (DOS) - Division of Medical Services (DMS) officials state the U.S. Code referenced in the proposal would allow persons who have been diagnosed with breast or cervical cancer and screened for breast and cervical cancer under the Center for Disease Control and Prevention breast and cervical cancer early detection program (established under title

ASSUMPTION (continued)

XV of the Public Health Service Act in accordance with the requirements of section 1504 of the Act) to receive the needed treatment for breast or cervical cancer. The Center for Disease Control and Prevention breast and cervical cancer early detection program targets low income, underserved women up to 200% of the Federal Poverty level.

Breast Cancer Recipient:

The Center for Disease Control (CDC) predicted that 3,700 women in Missouri would be diagnosed with breast cancer in the year 2000. It is estimated that 21% of the 3,700 would fall into this category, and of these 777 women, 81.16% would have some form of healthcare coverage. DMS assumes that the remaining 146 women would be in the new eligible group. The estimated annual medical cost for this population is \$8,000.

Annual cost calculation:

	FY 2002	FY 2003	FY 2004
New Medicaid eligibles	146	152	158
Annual cost	x \$8,000	x \$8,320	x \$8,653
Total estimated cost	\$1,168,000	\$1,264,640	\$1,367,174

Cervical Cancer Recipient:

The Center for Disease Control predicted there would be 12,800 new cases of cervical cancer in the year 2000. Missouri's population represents 2.1% of the U.S. population, so the DMS assumes 269 Missourians would be detected with cervical cancer. It is estimated that 21% of the 269 women would fall into this category, and of these 56 women (81.16%) would have some form of healthcare coverage. DMS assumes that the remaining 11 women would be in the new eligible group. The estimated annual medical cost for this population is \$6,600.

Annual cost calculation:

	FY 2002	FY 2003	FY 2004
New Medicaid eligibles	11	12	13
Annual cost	x \$6,600	x \$6,864	x \$7,139
Total estimated cost	\$72,600	\$82,368	\$92,807

DMS states that currently the Medicaid program covers the screening technique for nonsymptomatic men with above normal PMSA expressions. DMS assumes there would be no fiscal impact to the Division of Medical Services.

ASSUMPTION (continued)

Amendment 1

Officials from the **Department of Conservation** and the **Department of Insurance** assume this portion of the proposal would not fiscally impact their agencies.

Department of Transportation (DHT) officials state that the Highway and Patrol Medical Plan currently provides coverage for prosthetic devices and reconstructive surgery after a mastectomy and there is no time limit provisions, this area of the proposal would have no fiscal impact on DHT or the Medical Plan. DHT states this portion of the proposal would also require that coverage would transfer with the person if the person changes insurers. DHT assumes this also would have no impact of DHT or the Medical plan as long as the co-payments, deductibles, etc. do not have to be the same as the coverage before a transfer. Because the language in the proposal does not specifically make such a requirement, DHT assumes there would be no fiscal impact.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this portion of the proposal would clarify continuing coverage for prosthetic devices or reconstructive surgery due to breast cancer. HCP states its contracts are required by 376.1209 RSMo to provide coverage for reconstructive surgery and prosthetic devices necessary to restore symmetry as recommended by the oncologist or primary care physician after a mastectomy. If a HCP member changed plans from an HMO to a POS, the member would not be subject to pre-existing conditions or a waiting period. The PPO and Copay plans require a six-month waiting period if the individual does not have credible service. (Credible service is the length of time a member was previously covered under another health policy.) This portion of the proposal would waive the waiting period for prosthetic devices and reconstructive surgery that result from a mastectomy. Since the PPO and Copay plans are required to provide this benefit anyway, they would not incur any additional expenses. They may pay the claims sooner than expected. HCP states this portion of the proposal does not fiscally impact HCP.

Department of Social Services - Division of Medical Services (DMS) officials state they do not have a time limit established for reconstructive surgery or prosthetic devices for women with breast cancer. DMS assumes there would be no fiscal impact.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** did not respond to our fiscal impact request on this portion of the proposal.

Amendment 2

Officials from the **Department of Health (DOH)** state the Office of Women's Health and that

ASSUMPTION (continued)

Office's advisory committee, the Women's Health Council would develop the standards, advertise the standards and possibility of designation with the state's academic medical centers, create and manage a process for accepting and reviewing applications, and make recommendations for designation to the Director of DOH for action. DOH states that both the Office of Women's Health and the Advisory Committee are in existence and currently supported in the DOH budget. DOH presumes that adoption of existing federal standards would require few additional responsibilities during the initial implementation

Officials from the **Office of Secretary of State (SOS)** state this portion of the proposal would allow the Department of Health to promulgate rules to designate centers of excellence in woman's health. SOS states that based on experience with other divisions, the rules, regulations, and forms issued by the Department of Health could require as many as eight pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes, and the like are not repeated in the Code. These costs are estimated. SOS states the estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given. The impact of this proposal in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **University of Missouri** assumed this proposal would not fiscally impact their agency.

#Total costs for this portion of the proposal have been reduced to zero to reflect a decision by the Oversight Subcommittee on March 12, 2001.

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

Cost - All Funds

Increased state contributions	<u>\$0 to (\$480,800)</u>	<u>\$0 to (\$480,800)</u>	<u>\$0 to (\$480,800)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
ESTIMATED NET EFFECT ON ALL FUNDS	<u>\$0 TO</u> <u>(\$480,800)</u>	<u>\$0 TO</u> <u>(\$480,800)</u>	<u>\$0 TO</u> <u>(\$480,800)</u>
 GENERAL REVENUE FUND			
 <u>Costs - Department of Social Services - Division of Medical Services</u>			
Medical assistance payments	<u>(\$338,188)</u>	<u>(\$367,194)</u>	<u>(\$397,991)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$338,188)</u>	<u>(\$367,194)</u>	<u>(\$397,991)</u>
 INSURANCE DEDICATED FUND			
 <u>Income - Department of Insurance</u>			
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>
 CONSERVATION FUND			
 <u>Cost - Department of Conservation</u>			
Increased contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION FUND	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
 FEDERAL FUNDS			
 <u>Income - Department of Social Services - Division of Medical Services</u>			
Medicaid reimbursements	\$902,412	\$979,814	\$1,061,990

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Medical assistance payments	(<u>\$902,412</u>)	(<u>\$979,814</u>)	(<u>\$1,061,990</u>)

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</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
	<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.

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

DESCRIPTION

This proposal would extend Medicaid or insurance coverage for breast, cervical, and prostate cancer. This proposal would also provide for Medicaid coverage for certain breast and cervical cancer patients. A new subdivision 13 would be added to Section 208.151, RSMo, to provide that persons who have been diagnosed with breast or cervical cancer would be eligible for Medicaid coverage if other eligibility requirements would be met. To be eligible, the person would: 1) be under 65; 2) have been screened for breast or cervical cancer under the federal Centers for Disease Control and Prevention Breast and Cervical Cancer Early Detection Program; 3) need treatment for breast or cervical cancer; and 4) be uninsured. During the eligibility determination, the person would be eligible during a period of presumptive eligibility. If all eligibility requirements would be met, then the person would receive Medicaid coverage.

This proposal would also require additional insurance coverage for prostate cancer screenings. Currently, Section 376.1250, RSMo, requires coverage of prostate cancer screenings. New language would require coverage to include prostatescint imaging (prostate antibody imaging). This test would be used for a nonsymptomatic man who has had an earlier diagnosis or reoccurrence or would be used as a guide for appropriate therapy for patients with a rising prostate specific antigen.

DESCRIPTION (continued)

This proposal would require coverage for prosthetic devices or reconstructive surgery to transfer from insurer to insurer. Currently, Section 376.1209, RSMo, requires insurance companies to cover mastectomies and prosthetic devices or reconstructive surgery after a mastectomy. New language would add that no time limit would be imposed on an individual for the receipt of a prosthetic or reconstructive surgery and would provide that if an individual changes his or her insurance, then coverage for such procedures would transfer to the new policy.

This proposal would require the Department of Health to designate Missouri Centers of Excellence in Women's Health in leading academic medical institutions in Missouri. The department would be required to establish the criteria for selecting the centers which take into consideration the principles for National Centers of Excellence in Women's Health established by the Office on Women's Health of the U.S. Department of Health and Human Services. The centers would be selected on a competitive basis. The purposes of the centers would include devising new standards of excellence in women's health; expanding basic and clinical research on women's health; and promoting the education of health care providers and the community concerning the unique needs and aspects of women's health. The comprehensive goals of the centers would include: (1) Improving women's access to health care services and information; (2) Advancing a women's health research agenda; (3) Targeting financial resources and support; (4) Promoting women to leadership positions in health care provision, teaching, and research; (5) Promoting greater community outreach in women's health; and (6) Integrating women's health in medical curriculums, clinical training, and postdoctoral research.

Subject to appropriations, the department may use, administer, or dispose of gifts, grants, or in-kind services and can award grants to qualifying centers in order to implement the purposes and goals of the proposal. The department may promulgate rules to implement the provisions of the proposal.

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
Department of Health
Office of Secretary of State
University of Missouri



Jeanne Jarrett, CPA
Director

April 25, 2001