

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2588-01
Bill No.: SB 633
Subject: Insurance - Medical; Insurance Department
Type: Original
Date: January 9, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Insurance Dedicated	\$9,850	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$9,850	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note conns 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)**, the **Department of Transportation (DHT)**, and the **Department of Conservation (MDC)** assume this proposal would not fiscally impact their agencies.

Department of Social Services (DOS) officials assume this proposal would not fiscally impact their agency. DOS assumes the Medicaid managed care plans would continue to prior authorize medications on the drug formulary as they currently do. DOS further assumes the Division of Medical Services could increase co-pays for the 1115 waiver premium group as allowed under section 208.640.

Officials from the **Department of Insurance (INS)** assume insurers and HMOs would be required to amend their policies to comply with this legislation. Amendments must be filed with INS. INS estimates that 171 insurers and 26 HMOs would be required to file at least one amendment to their policy form with a filing fee of \$50, resulting in revenue of \$9,850 in FY 2003. INS has reached capacity in policy form reviews and the additional workload created by this legislation would cause delays in policy form reviews. Additional staff are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments, the department would need to request additional staff to handle the increase in workload.

Missouri Consolidated Health Care Plans (HCP) officials state for the 2002 year, HCP will self fund the pharmacy benefit for state members through Express Scripts (ESI). Administration of this plan allows ESI to add drugs during the year. However, removal of any drug is effective the next policy period. This proposal, currently, does not have a fiscal impact for the state side.

The Public Entity side, however, has their pharmacy benefit through HCP's fully insured products. Most plans periodically review and adjust their pharmacy listing. Most adjustments are adding a generic drug once the brand drug is off their patent. Prohibiting them from adjusting the formulary list midyear may temporarily increase costs, however, the plan will merely reflect any additional costs in the next year's premium. This cost impact is not possible to calculate since it cannot be determined at this time what, if any, formulary drugs may change for each of the plans.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>			
Filing fees	<u>\$9,850</u>	<u>\$0</u>	<u>\$0</u>

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$9,850</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small health maintenance organizations (HMO) could be affected by this proposal.

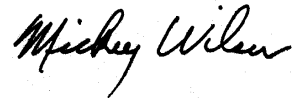
DESCRIPTION

This act prohibits health carriers from changing their drug formularies except at the beginning of the policy anniversary date or pursuant to a FDA recommendation. The health carrier may add new prescription drugs to its formulary. The health carrier may not increase an enrollee's co-payment or other out of pocket expenses except at the beginning of the policy annual anniversary date.

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 Transportation
Department of Conservation
Department of Public Safety
Missouri State Highway Patrol
Department of Social Services



Mickey Wilson, CPA
Acting Director
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