

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2631-01
Bill No.: SB 822
Subject: Health Care; Insurance - Medical
Type: Original
Date: January 15, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
All funds	\$0 to (\$317,520)	\$0 to (\$419,126)	\$0 to (\$461,039)
Insurance Dedicated	\$9,850	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$9,850 to (\$307,670)	\$0 to (\$419,126)	\$0 to (\$461,039)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None	\$0	\$0	\$0
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 to (\$53,707)	\$0 to (\$70,893)	\$0 to (\$77,982)

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation (MDC)** assume this proposal would not fiscally impact their agency.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state according to the National Cancer Institute, about 16% of males 50 and older will be diagnosed in their lifetime. HCP currently insures 11,907 males age 50 and older under the state plan and 2,014 males age 50 and older under the Public Entities.

Prostascint is a 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 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 \$381,024 for our state population and \$64,448 for the Public Entity population. (Note: This is a maximum exposure for this test as it assumes all these members will still be covered under our plan when diagnosed.) Health carriers would recoup this cost through premiums. However, since there is no way to estimate how many will actually be diagnosed in each year, the cost of this proposal is unknown.

This proposal also covers this test when there is an elevated PSA. This would add some additional costs. However, since there is no way to estimate how many will actually be diagnosed in each year, it is difficult to estimate the actual cost.

Oversight assumes a ten percent increase per year.

Department of Transportation (DHT) and **Department of Public Safety - Missouri Highway Patrol (MHP)** officials state this proposal would have no fiscal impact on DHT or MHP. The Highway & Patrol Medical Plan is not directly affected by this proposal, but under section 104.801 RSMo. 2000, the Medical Plan would have to offer similar coverage. Because the proposal requires coverage for only those individuals who have had a diagnosis or reoccurrence, the Medical Plan currently covers these procedures, and as a result, there would be no fiscal impact to the Medical Plan.

Officials from the **Department of Insurance (INS)** state insurers and HMOs would be required to amend their policies to comply with this proposal. 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 for FY 2003. INS has

reached capacity in policy form reviews and the additional workload created by this proposal

ASSUMPTION (continued)

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.

Officials from **Department of Social Services (DOS)** state that the Medicaid program covers the screening techniques for nonsymptomatic men with above normal or rising prostate specific antigen. Therefore, DOS assumes no fiscal impact to Division of Medical Services.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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ALL FUNDS

Cost - All Funds

Increased state contributions	<u>\$0 to (\$317,520)</u>	<u>(\$0 to \$419,126)</u>	<u>(\$0 to \$461,039)</u>
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ESTIMATED NET EFFECT ON ALL FUNDS	<u>\$0 to (\$317,520)</u>	<u>\$0 to (\$419,126)</u>	<u>\$0 to (\$461,039)</u>
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Filing fees	<u>\$9,850</u>	<u>\$0</u>	<u>\$0</u>
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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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POLITICAL SUBDIVISION

<u>Cost</u> - Political Subdivisions	<u>\$0 to (\$53,707)</u>	<u>\$0 to (\$70,893)</u>	<u>\$0 to (\$77,982)</u>
Increased local contributions			

ESTIMATED NET EFFECT ON

POLITICAL SUBDIVISIONS

\$0 to (\$53,707) \$0 to (\$70,893) \$0 to (\$77,982)

FISCAL IMPACT - Small Business

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 modifies the mandated prostate examination provision of the law by requiring coverage for prostatic imaging for a nonsymptomatic man who has an above normal prostrate specific antigen (PSA) expression.

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



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Acting Director
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