

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2741-01
Bill No.: SB 803
Subject: Health Care; Health Department; Insurance Department
Type: Original
Date: January 23, 2002

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---------------------------------------------------------------------|----------------|------------|------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| Insurance Dedicated | \$8,550 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$8,550 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|-----------------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2003 | FY 2004 | FY 2005 |
| | | | |
| | | | |
| 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 contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation**, the **Department of Transportation**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal will not fiscally impact their agency.

Officials from the **Department of Insurance (INS)** assume insurers would be required to amend their policies to comply with this legislation. Amendments must be filed with INS. INS estimates that 171 insurers would be required to file at least one amendment to their policy form with a filing fee of \$50, resulting in revenue of \$8,550 in FY 2003. HMO filings would not be impacted by this legislation. 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 Plan (HCP) officials state this proposal would prohibit use of genetic information and testing for insurance purposes. HCP states this proposal would not have a fiscal impact on the state employees under HCP. HCP states the 2002 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 since the genetic and medical claims information are closely tied, health carriers would still be able to use the remaining 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. This proposal also allows for civil action for any violations. Therefore, HCP states this portion of the proposal could have an unknown cost to the Public Entities.

Oversight assumes civil actions will be avoided if the Public Entities stay in compliance.

Officials from the **Department of Social Services (DOS)** state that DOS does not now nor ever plans to use genetic factors as a condition of eligibility for Medicaid or for employment with the DOS. Therefore, DOS states there is no fiscal impact for their agency.

| <u>FISCAL IMPACT - State Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
|-------------------------------------------------------------|-----------------------|-------------------|-------------------|
| INSURANCE DEDICATED FUND | | | |
| <u>Income</u> - Department of Insurance | | | |
| Filing fees | <u>\$8,550</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND | <u>\$8,550</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2003 (10 Mo.) | FY 2004 | FY 2005 |
| | <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.

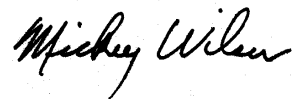
DESCRIPTION

This proposal broadens the definition of "genetic information" and "genetic testing". Under this act, no insurer may deny coverage to an individual on the basis of the individual's genetic information. This proposal applies to applications for coverage made on or after January 1, 2001. Under this proposal, an employer may not obtain genetic information of an employee or prospective employee nor shall an employer require the collection of a DNA sample of an employee or prospective employee. This proposal also broadens 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 Transportation
Department of Public Safety -
Missouri State Highway Patrol
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation



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