

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3530-01
Bill No.: SB 852
Subject: Insurance - Medical; Health Care
Type: Original
Date: February 19, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General *	(Unknown)	(Unknown)	(Unknown)
Conservation Fund**	(Unknown)	(Unknown)	(Unknown)
Insurance Dedicated	\$9,850	\$0	\$0
Total Estimated Net Effect on All State Funds	(Unknown)	(Unknown)	(Unknown)

*Expected to exceed \$100,000 annually.

**Not expected to exceed \$100,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on All 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 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer their fiscal note response to the Department of Transportation.

Officials from the **Department of Transportation (DHT)** state that this legislation requires insurers to offer optional coverage for expenses from weight reduction counseling services if the insured is at least 50 lbs. overweight and has a diagnosis from a physician for current or potential health problems related to the excess weight. DHT states this legislation will have no fiscal impact on DHT. The Highway & Patrol Medical Plan is not expressly included in the legislation. However, section 104.80 RSMo. 2000 would require the Medical Plan to offer similar coverage. Currently the Medical Plan does not offer coverage for weight reduction counseling services. As a result, the Medical Plan would have to offer optional coverage for these individuals. Because this coverage would be optional, the total cost for this coverage would be passed on to participants that choose the coverage and would have no fiscal impact to the Highway & Patrol Medical Plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state that their plans currently provide coverage for obesity treatment if authorized by the HMO or POS as medically necessary. The First Health Plans will provide coverage if the medical condition is not due solely to overeating and must be authorized by the plan. HCP state both plans usually require the existence of co morbid conditions (hypertension, diabetes, etc.) before plan authorization. Once authorization is granted, the member is started on a step therapy program.

HCP assumes the member could seek weight reduction counseling if a member is “at least fifty pounds overweight and has been diagnosed by a physician to have current or potential future health problems related to such excess weight.” HCP states the proposal does not specify the treatment plan or coverage level. The plans may develop co-payments that help to recover any additional costs associated with this bill. HCP assumes managed care plans can provide this service through a network provider. HCP states managed care plans control costs when services are provided by a contracted physician.

Since this bill provides broader treatment for obesity than is found under HCP’s plans and obesity is a national problem, HCP expects an increase in the number of members seeking this care. However, HCP assumes the overall effect would be minimal.

Officials from the **Missouri Department of Conservation (MDC)** assume this proposal requires insurers to offer optional coverage for weight reduction counseling services. MDC assumes this proposal would have a fiscal impact on MDC funds that would not exceed \$100,000 annually.

ASSUMPTION (continued)

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.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state that the DMS contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The managed care health plans are subject to the proposed legislation, therefore, there is a fiscal impact to the DMS.

DMS states if the service proposed in this legislation is not a Medicaid state plan service, only the recipients enrolled in managed care would receive the service. There would be no federal financial participation. In order to receive federal participation, the service would need to be included in the Medicaid state plan, therefore services would be provided to all Medicaid recipients. DMS assumes that DMS will apply and receive a state plan amendment and thus receive FFP. The DMS makes the following assumptions: (1) The managed care capitated rates would increase due to the added service. The estimated cost is unknown. (2) There could be additional costs for fee-for-service recipients. The estimated cost is unknown. (3) DMS's actuary would re-negotiate the current contracts with the managed care health plans. The estimated costs is \$75,000. (4) A Medicaid bulletin would need to be prepared and distributed to all providers involved. The estimated cost is \$13,100. (5) At least two mailings would need to be prepared and sent to notify enrollees. The estimated cost is \$20,000. (6) State Fair hearings would also increase which would add additional costs for administration. The estimated cost is unknown. (7) System work would need to be completed for claims to be processed and paid. DMS states the fiscal impact to DMS is unknown greater than \$100,000.

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

GENERAL REVENUE

Costs - Department of Social Services-
 Division of Medical Services

Medical assistance payments*	(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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***Expected to exceed \$100,000 annually.**

CONSERVATION FUND

Cost - Missouri Department of
 Conservation

Increased state contribution	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 CONSERVATION FUND***

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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***Not expected to exceed \$100,000 annually.**

INSURANCE DEDICATED

Income - Department of Insurance

Form 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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FISCAL IMPACT - Local Government

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 insurance companies could be affected by this proposal.

DESCRIPTION


This proposal requires insurance companies to offer coverage for weight reduction counseling

services for persons who are 50 pounds or more overweight and have been diagnosed by a doctor that such excess weight is or will create health problems.

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
Missouri Department of Conservation
Department of Public Safety -
Missouri State Highway Patrol



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