

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4183-05
Bill No.: Truly Agreed to and Finally Passed CCS for HS for SCS for SB 1026
Subject: Insurance - Medical; Physicians; Health Care; Health Care Professionals
Type: Original
Date: May 29, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
All Funds	(Unknown)	(Unknown)	(Unknown)
Insurance	\$9,850	\$0	\$0
Highway	(\$24,960 to Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on All State Funds	(\$15,110 to Unknown)	(Unknown)	(Unknown)

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	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

FISCAL ANALYSIS

ASSUMPTION

All sections

Officials from the **Department of Social Services** and **Department of Health and Senior Services** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Conservation** assume the fiscal impact of this proposal, if any, would be minimal.

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.

Section 194.220

Officials from the **Department of Revenue** state that Division of Motor Vehicles and Driver Licensing will require \$10,000 for contracted programming costs associated with modifying the over-the-counter driver licensing system and \$15,000 for program modifications for the MODL system in order to facilitate the donation process required by this amendment.

Programming costs:

100	Hours of Over-the-counter Programming
<u>X \$100</u>	Contracted Programming Rate
\$10,000	Total Over-the-counter Programming
704	Hours of MODL Programming
<u>x\$21.25</u>	Overtime Programming Rate
\$14,960	Total MODL Programming
<u>\$24,960</u>	Total Programming Costs

ASSUMPTION (continued)

Section 376.429

Officials from **Missouri Consolidated Health Care Plan (HCP)** state this proposal provides coverage for phase III or IV clinical cancer trials. HCP states providing coverage for clinical cancer trials would have an impact on HCP. Requiring the medical plan to cover Phase III or Phase IV clinical trials for cancer and other life threatening conditions could result in an increase in the plan's financial risk. Since the treatments may vary and only a few providers would be able to administer the treatments, the cost could be significant. To reduce this risk, the plan may transfer these additional costs to the members through an increase of premium. Since the type of treatments, there associated costs and the number of patients cannot be estimated, the overall cost is unknown but could be significant.

The bill does include an exclusion for "items and services customarily provided by the research sponsors free of charge for any enrollee in the trial". However, if health plans are required to cover the routine patient care costs incurred for drugs and devices that have been approved by the FDA, the sponsors of such programs may cut the funding to these programs and rely on the health plans' reimbursement for funding. Again, should this occur, the plans may transfer the additional costs to the members through increased premiums

Oversight assumes an unknown cost to all funds and political subdivisions.

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)** assume this legislation requires coverage for certain patient care costs for certain clinical trials. This legislation will have no fiscal impact on DHT. The Highway & Patrol Medical Plan is not expressly included in the new legislation, but section 104.801 RSMo. would require the Medical Plan to offer similar coverage.

However, 104.801 only requires similar coverage and the reporting requirements are not included in the mandates of 104.801. Currently, the Medical Plan does not cover costs for clinical trials. As a result, there would be a fiscal impact to the Highway & Patrol Medical Plan.

DHT assumes that if health carriers are required to cover the cost of services needed to administer the drugs or use the device under evaluation in the clinical trial, that manufacturers and distributors or providers of the drugs or devices would no longer pay for any of the related costs. Assuming that this is true, DHT assumes that the fiscal impact to the Medical Plan would be very significant.

ASSUMPTION (continued)

Without knowing the types of drugs, procedures, illnesses or how many individuals would participate, DHT finds it is impossible to calculate what a fiscal impact to the Medical Plan would be.

Section 376.1219

Officials from **Missouri Consolidated Health Care Plan (HCP)** state this proposal provides coverage for low protein modified food products for members less than 6 years of age and limited to 50% of cost and a maximum annual benefit of \$5,000 per year. Limiting the benefit to members of less than 6 years of age will limit the plans' exposure. However, the cost of low protein modified foods for these patients will add costs to the plan. If the health plans try to recoup this cost through increased premiums, the result is expected to have some, though undetermined, impact for the state and public entities covered under HCP, depending upon utilization of these products.

Oversight assumes an unknown cost to all funds and political subdivisions.

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

Officials from the **Department of Transportation (DHT)** state that currently the Highway and Patrol Medical Plan provides coverage for appropriate medically necessary services and supplies in the treatment of a condition. The only exception would be food supplements. Due to the low incident rate of amino and organic disorders, DHT assumes there would be no or very minimal fiscal impact to the Medical plan.

Section 376.1253

HCP states this proposal requires attending physicians to inform any patient with a newly diagnosed cancer of their right to a second opinion. This amendment does not fiscally impact HCP as providers currently refer patients to network specialists. If a specialist is not available in the network, current state law requires the health plan to provide for treatment by a non-participating specialist.

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

Official from the **Department of Transportation (DHT)** state that the Highway and Patrol Medical Plan is not mentioned in the legislation but section 104.801 RSMo. 2000 would require similar coverage. Currently, the Medical Plan does cover a second opinion, whether the

ASSUMPTION (continued)

specialist is in the provider network or out of the provider network. The only difference is that charges with a provider in the network are paid at a 90% co-insurance with the maximum out-of-pocket for the patient at \$750 and charges with an out-of-network provider are paid at an 80% co-insurance with the maximum out-of-pocket for the patient increasing to \$1,500. In addition, DHT states office visit charges with an in-network provider have a \$15 co-pay for the patient without being applied to their deductible and co-insurance. Out-of-network office visit charges are applied to the patients deductible and co-insurance.

DHT assumes there are two ways of looking at this legislation. One way is to assume that if a patient is seen by an in-network doctor and then referred to an out-of-network specialist that both provider's charges would have to be paid at 90% co-insurance with the maximum out-of-pocket for the patient at \$750 and the office visits would have a \$15 co-payment only. Likewise, DHT states if the patient is seen by an out-of-network provider and then referred to a specialist within the network the charges would have to be paid at the 80% co-insurance with the maximum out-of-pocket for the patient at \$1,500 and there would be no office visit co-payment applied. This assumption would probably have a fiscal impact to the Medical Plan.

DHT states the second assumption could be, because the medical plan does not limit coverage to in-network providers only, and the Medical Plan would cover the services with an out-of-network provider, there would be no fiscal impact to the Medical Plan. The legislation states, "Such coverage shall be subject to the same deductible and co-insurance conditions applied to other referrals and all other terms and conditions applicable to other benefits". DHT assumes, based on this statement, that the Medical Plan's current provisions would be applicable, because the 80-20 co-insurance is currently applied to other referrals and other benefits when seen by an out-of-network provider. DHT assumes the first assumption if the legislation read, "Such coverage shall be subject to the same deductible, co-insurance and co-payments as coverage for an in-network provider".

Based on the current language, DHT assumes there would be no fiscal impact to DHT or the Highway and Patrol Medical Plan.

Section 376.1275

Officials from **Missouri Consolidated Health Care Plan (HCP)** states this proposal provides coverage for antigen testing for utilization in bone marrow transplantation. Since every insured is eligible to undergo this testing, the plans' exposure to this additional cost could be significant. Our health plans would, in turn, try and recoup this cost by passing it along to the consumers through premium increases. Since it is impossible to determine how many members would actually undergo the testing, the fiscal impact of this bill is unknown.

ASSUMPTION (continued)

Oversight received additional information that human leukocyte antigen testing is currently a

covered service under HCP. HCP assumes if this legislation passes, bone marrow agencies would widely publicize that insurance companies will pay for testing. HCP then assumes more insureds would undergo testing, thus increasing costs. **Oversight** assumes additional costs will be minimal since testing is limited to \$75.

Section 376.1275

Officials from the **Department of Highways and Transportation** also responded for the **Missouri Highway Patrol**. The DHT officials stated this legislation requires health carriers to cover the cost for human leukocyte antigen testing without being subject to any greater deductible or co-payment.

Currently the Medical Plan underwrites the coverage that this benefit would fall under and the histocompatibility locus antigen testing is covered under the Medical Plan's current contract. The current contract ends December 31, 2002. Due to this benefit currently being a covered service and assuming that this will be a covered service in future contracts, there would be no fiscal impact to the Highway and Patrol Medical Plan.

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

Costs - Missouri Consolidated Health Care Plan

Increased state contributions §376.429	(Unknown)	(Unknown)	(Unknown)
Increased state contributions §376.1219	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON ALL FUNDS

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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INSURANCE DEDICATED FUND

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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HIGHWAY FUNDS

Costs - Department of Transportation

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
Increased state contribution §376.429	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Total Costs DHT	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Costs - Department of Public Safety- Missouri State Highway Patrol</u>			
Increased state contribution §376.429	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Total Costs MHP	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>Costs - Department of Revenue</u>			
Personal Service Costs - Overtime §194.220	(\$14,960)	\$0	\$0
Programming Costs §194.220	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - Department of Revenue	<u>(\$24,960)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON HIGHWAY FUNDS	<u>(\$24,960 to Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Cost - Political Subdivision</u>			
Increased local contributions §376.429	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Increased local contributions §376.1219	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

FISCAL IMPACT - Small Business

Small businesses could be fiscally impacted as a result of this proposal.

DESCRIPTION

Section 194.220

This proposal allows any minor at least 16 years of age with parental consent may donate any part of his/her body upon death which will be noted on the donor's instruction permit or driver's license.

Section 376.429

This proposal requires that all health benefit plans shall provide coverage for phase III or IV of a clinical trial for the purposes of prevention, early detection, or treatment of cancer.

Section 376.1219

This proposal requires all individual and group health insurance policies shall provide low protein modified food products for children less than six for the treatment of phenylketonuria or any inherited disease of amino and organic acids.

Section 376.1253

This proposal requires health care entities to provide coverage for a second medical opinion by an appropriate specialist for patients with a newly diagnosed cancer.

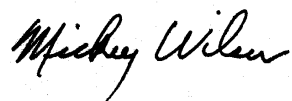
Section 376.1275

This proposal requires health benefit plans to include coverage for bone marrow testing when the testing is done in a licensed facility and is performed as part of the National Bone Marrow Donor Program. The plan may limit each enrollee to one test per lifetime and at a cost of no greater than \$75.

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 Highway and 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
Department of Health and Senior Services
Department of Revenue



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May 29, 2002