

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4204-09
Bill No.: Perfected SCS for SB 1061 & 1062
Subject: Insurance - Medical; Health Care; Insurance Department; Health Care
Type: Original
Date: March 19, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)	(\$0 to less than \$50,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

***Revenues and expenditures would be less than \$100,000 and would net to \$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 **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Transportation**, the **Missouri Consolidated Health Care Plan**, and the **Missouri Department of Conservation** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Insurance (INS)** state this legislation deems documents filed by HMOs are approved after 45 days, but allows the Director to require amendments to contracts to bring them into compliance. This extends the 30 day deemer period and outlines the amendment process INS currently uses during the post-approval period. Legislation also modifies alternative network adequacy standards for HMOs through external accreditation that will satisfy INS required standards. The INS assumes legislation will have little impact on the number of HMOs which receive network adequacy reviews. The INS assumes no fiscal impact as a result of this proposal.

Officials from the **Department of Social Services (DOS)** assume this legislation would have a fiscal impact on the Division of Medical Services. DOS states the effect of this proposal is that if a health carrier has one of these certifications, then their network is deemed adequate. DOS has relied on the network access filing as the way to determine network adequacy for MC+ health plans to avoid duplicating requirements across departments. The Center for Medicare and Medicaid Services (CMS) has approved the Department of Insurance's network access filing as Missouri's method of monitoring adequate networks. If the CMS will not approve the method of assuring network adequacy described in this legislation, the Division of Medical Services estimates the cost of looking separately at the networks which would be exempt under this new legislation.

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

<u>Costs - Department of Social Services</u>			
Review of network adequacy	<u>(\$0 to less than \$50,000)</u>	<u>(\$0 to less than \$50,000)</u>	<u>(\$0 to less than \$50,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$0 to less than \$50,000)</u>	<u>(\$0 to less than \$50,000)</u>	<u>(\$0 to less than \$50,000)</u>

FEDERAL FUND

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Income</u> - Department of Social Services			
Medicaid reimbursements	\$0 to less than \$50,000	\$0 to less than \$50,000	\$0 to less than \$50,000
<u>Costs</u> - Department of Social Services			
Review of network adequacy	<u>(\$0 to less than \$50,000)</u>	<u>(\$0 to less than \$50,000)</u>	<u>(\$0 to less than \$50,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</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

This proposal may affect small businesses which are health carriers.

DESCRIPTION

This proposal holds that whenever a health service corporation submits a policy form to the Director of Insurance, and the Director does not disapprove the form within 45 days (up from 30 days), the form is deemed approved and is not subject to disapproval for 12 months. If during the 12 month period the Director determines that any provision of the policy is contrary to statute, the Director shall notify the HMO of the specific provision that is contrary to statute and request that it file an amendment within 30 days to modify the provision so that it conforms with the statute. Upon approval of the amendment by the Director, the HMO shall issue a copy of the amendment to each individual or entity in which the deemed policy form was previously issued. This procedure shall also be followed when an HMO files certain documents (pertaining to its certificate of authority with the Department of Insurance (Section 354.405).

NETWORK ADEQUACY - This act deems a managed care plan's network as adequate if the managed care plan is:

(1) A Medicare + Choice coordinated care plan offered by the health carrier pursuant to a DESCRIPTION (continued)

contract with the federal centers for medicare and medicaid services;

(2) A managed care plan that has been accredited by National Committee for Quality Assurance (NCQA), and such accreditation is in effect at the time the access plan is filed; or

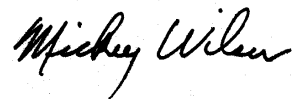
(3) The managed care plan's network has been accredited by the Joint Commission on the Accreditation of Health Organizations at a level of accreditation without type I recommendations or better. If the accreditation applies only to a portion of the managed care plan's network, only the accredited portion will be deemed adequate.

INTERNET FORMS - This act allows any managed care entity to provide documents and materials to an enrollee via the entity's Internet site, instead of in printed form, upon securing a waiver from the enrollee. The enrollee may revoke the waiver at any time. This portion of the act is identical to SB 1004 (2002).

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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