

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4791-01  
Bill No.: SB 1171  
Subject: Health Care; Health Care Professionals; Medical Procedures and Personnel;  
 Physicians; Insurance Department  
Type: Original  
Date: March 8, 2002

**FISCAL SUMMARY**

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

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Social Services**, the **Missouri Consolidated Health Care Plan**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Transportation**, the **Missouri Department of Conservation**, the **Department of Health and Senior Services** and the **Department of Economic Development - Division of Professional Registration** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Insurance (INS)** state that it would be necessary for INS to add compliance checks to its market conduct examinations of insurance companies to ensure they are in compliance. INS states this would require some modifications to procedures/tests for exams and some training. INS states impact would be minimal and covered with existing staff.

Officials from the **Department of Mental Health (DMH)** compared the requirements of this proposal with those of HIPAA Administrative Simplification (federal regulation) and examined current approach to compliance with the federal requirements.

DMH states this legislation simply reinforces the work currently being done to protect health care information under HIPAA. DMH should have most policies and procedures in place to comply with the federal requirements; accordingly, DMH good-faith compliance efforts should satisfy the proposal, therefore DMH assumes no significant fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<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 could affect small businesses that maintain personal health information.

DESCRIPTION

This proposal prohibits the disclosure of non-public health information. A new Section 191.890 is created to define terms such as "federal privacy rules", "health information", and "nonpublic personal health information".

This proposal prohibits the disclosure of personal health information for the following purposes: - for profit; - for marketing of goods or services; - to aid in an employment decision; - for decisions regarding a persons' credit; - to deliberately or maliciously cause harm to the person to whom the information pertains.

Any person who knowingly violates the provisions of this section will be charged an administrative penalty of up to \$500 and may be civilly liable. The Director of the INS shall enforce this act.

Licensees (insurance companies) complying with HIPAA privacy rules will be deemed in compliance with this act. Until April 14, 2003, non-licensees subject to federal law will be in compliance with this act upon a showing of good faith. Personal health information, however, may not be disclosed for marketing purposes even if compliance is established. Licensees complying with the model regulation, "Privacy of Consumer Financial and Health Information Regulation", will also be deemed in compliance.

This proposal does not apply to information disclosed in for the following purposes: - if prior written consent is given; - if disclosure is pursuant to state or federal law; - for consumer reporting purposes; - in connection with the transfer of a business, operating unit, or loans if the disclosure is not the primary reason for the transfer.

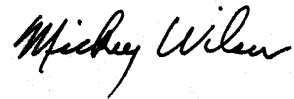
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

## SOURCES OF INFORMATION

Missouri Department of Conservation

CM:LR:OD (12/01)

Missouri Consolidated Health Care Plan  
Department of Transportation  
Department of Economic Development -  
Division of Professional Registration  
Department of Health and Senior Services  
Department of Social Services  
Department of Insurance  
Department of Mental Health  
Department of Public Safety -  
Missouri State Highway Patrol



Mickey Wilson, CPA  
Acting Director  
March 8, 2002