

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3360-01
Bill No.: HB 852
Subject: Drugs and Controlled Substances; Health Care; Health Care Professionals; Health,
Public
Type: Original
Date: February 2, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General	(Unknown, greater than \$271,950)	(Unknown, greater than \$582,750)	(Unknown, greater than \$582,750)
Total Estimated Net Effect on General Revenue Fund	(Unknown, greater than \$271,950)	(Unknown, greater than \$582,750)	(Unknown, greater than \$582,750)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Insurance Dedicated	\$8,000	\$0	\$0
Patrol Highway Fund	(Unknown)	(Unknown)	(Unknown)
Missouri Department of Transportation Fund	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of unknown but greater than \$900,000 would net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation** and the **Department of Economic Development - Division of Professional Registration** assume this proposal would not fiscally impact their agencies.

Officials from the **Office of Attorney General** assume that any potential costs arising from this proposal could be absorbed with existing resources.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the part of the proposed legislation that deals with immunizations will not have a fiscal impact on the DMS. Currently, there are so few, if any, vaccines that contain mercury and are reimbursed by Medicaid that the fiscal impact would be negligible if these immunizations would be replaced with mercury free vaccines. The majority of the immunizations are paid through the Vaccine for Children (VFC) program. The DMS only pays an administration fee of \$5.00 for the immunization.

ASSUMPTION (continued)

The DMS states, however, a fiscal impact is expected if any new or replacement dental restorations could not contain mercury. For the 12-month period ending September 30, 2003, the DMS paid \$1,547,151 for 42,661 units of service (fee-for-service) for amalgam restorations which contained mercury. The average rate was \$36.27 for an amalgam restoration. For the same time period the average rate for a resin restoration which does not contain mercury was \$51.67. The resin restorations are on average \$15.40 higher. If the amalgam restorations were resin restorations instead, the additional cost would have been \$656,979.

DMS assumes the number of units will remain constant. The DMS used a 4.5% annual inflation rate.

Cost Impact for Fee-for-Service: $42,661 \times \$15.40 = \$656,979$
FY 04 $\$656,979 \times 0.045 = \$686,543$
FY 05 $\$686,543 \times 0.045 = \$717,438 / 2 = \$358,719$ (effective date Jan 1, 2005)
FY 06 $\$717,438 \times 0.045 = \$749,723$
FY 07 $\$749,723 \times 0.045 = \$783,460$

The managed care rates must be adjusted as well to reflect the change in state law to eliminate the use of amalgam restorations and rely solely on resin restorations. Such an adjustment will have to be certified as being actuarially sound per federal law. It is assumed the managed care providers currently use amalgam restorations at the same rate as fee-for-service providers. The increase needed to the managed care rates is unknown at this time but the fiscal impact is expected to be at least equal to the fiscal impact for the fee-for-service program with the additional cost to adjust and certify the managed care rates as actuarially sound. The estimated cost to adjust and certify the managed care rates is \$80,000.

The fiscal impact of eliminating amalgam restorations is unknown but greater than \$700,000 in FY 05 and unknown but greater than \$1,500,000 for FY 06 and FY 07.

Officials from the **Missouri Department of Transportation (DOT)** assume if this legislation is passed and the state of Missouri would not be allowed to administer vaccines that contain any mercury or other preservatives containing heavy metals, including but not limited to thimerosal, there could be a fiscal impact to the Medical Plan. Because there are trace amounts of thimerosal in some vaccinations and no other product available to immunize against certain diseases, the state of Missouri would no longer be able to administer the various vaccines that do have the trace amounts of thimerosal. As a result, DHT states it would be possible for individuals to contract these diseases and cause the Medical Plan to spend an unknown dollar amount on treatment and care of these diseases.

ASSUMPTION (continued)

Historically, the DHT and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the Medical Plan, MHTC, MoDOT, and Patrol must make a decision on how to fund the increase; until then, the total costs of the legislation is unknown.

Oversight has, for fiscal note purposes, presented only DOT's costs for the Patrol Highway Fund and the DOT-Highway Fund. Oversight assumes DOT could absorb the costs for the other funds.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state HCP benefits provide coverage for Childhood Immunizations including Poliomyelitis, Rubella, Rubeola, Mumps, Tetanus, Pertussis, Diphtheria, Hepatitis B, Hemophilus Influenza Type B and Varicella. HCP states approximately five of those covered immunizations, with manufacturers in the United States contain the mercury Thimerosal.

Since no preference would be given to mercury free formulations, HCP assumes this legislation would have no fiscal impact.

Officials from the **Department of Insurance (INS)** estimate 160 insurers and HMOs might be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$0 to \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Health and Senior Services (DOH)** assume that the vaccine to prevent some diseases, including influenza, diphtheria, and tetanus will not be available without a preservative. The DHT states it is difficult to administer and estimate the fiscal impact because of the following: (1) There are not currently any preservative-free vaccines, licensed for use in the U.S., for the prevention of diphtheria, tetanus, and influenza, (2) Some thimerosal-free vaccines may contain trace amounts of mercury left after production, (3) The DOH would be limited the flexibility to offer alternative preservative containing vaccines when production of preservative-free vaccine by a manufacturer(s) is delayed or in short supply. The DOH states the program costs are unknown.

FISCAL IMPACT - State Government

FY 2005
 (10 Mo.)

FY 2006

FY 2007

GENERAL REVENUE

Costs - Department of Social Services -
 Division of Medical Services

Program costs

(Unknown,
 greater than
 \$271,950)

(Unknown,
 greater than
 \$582,750)

(Unknown,
 greater than
 \$582,750)

Costs - Missouri Department of
 Transportation

Increased insurance costs

(Unknown)

(Unknown)

(Unknown)

Costs - Department of Health and Senior
 Services

Program costs

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

**(Unknown,
 greater than
 \$271,950)**

**(Unknown,
 greater than
 582,750)**

**(Unknown,
 greater than
 582,750)**

INSURANCE DEDICATED FUND

Income - Department of Insurance

Filing fees

\$8,000

\$0

\$0

**ESTIMATED NET EFFECT ON
 INSURANCE DEDICATED FUND**

\$8,000

\$0

\$0

PATROL HIGHWAY FUND

Costs - Missouri Department of
 Transportation

Increased insurance costs

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT
 PATROL HIGHWAY FUND**

(Unknown)

(Unknown)

(Unknown)

**MISSOURI DEPARTMENT OF
 TRANSPORTATION FUND**

Costs - Missouri Department of
 Transportation

Increased insurance costs	(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT
 MISSOURI DEPARTMENT OF
 TRANSPORTATION FUND**

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FEDERAL

Income - Department of Social Services -
 Division of Medical Services

Program reimbursement	Unknown, greater than \$428,050	Unknown, greater than \$917,250	Unknown, greater than \$917,250
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Costs - Department of Social Services -
 Division of Medical Services

Program costs	<u>(Unknown, greater than \$428,050)</u>	<u>(Unknown, greater than \$917,250)</u>	<u>(Unknown, greater than \$917,250)</u>
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**ESTIMATED NET EFFECT ON
 FEDERAL**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2005 (10 Mo.)	FY 2006	FY 2007
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

Small dental practices could be affected by this proposal.

DESCRIPTION

This proposal contains provisions pertaining to immunizations and dental services.

Effective January 1, 2005, the proposal prohibits:

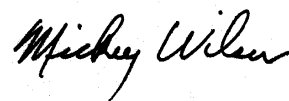
- (1) Immunizations from being administered in Missouri which contain heavy metals, including mercury and thimerosal; and
- (2) New or replacement dental restorations (fillings) from being performed in Missouri which contain mercury. This provision does not apply to existing restorations unless replacing the existing restoration is based on accepted dental practices or the patient requests a new restoration.

Effective January 1, 2005, the proposal also requires insurers licensed in Missouri that provide coverage for immunizations and dental services on a fee schedule or a percentage reimbursement basis to: (1) Reimburse for immunizations not containing mercury or other heavy metals. This reimbursement must be at the same percentage rate of the usual and customary charges provided for immunizations containing mercury or other heavy metals prior to January 1, 2005; and (2) Reimburse for dental restorations not containing mercury at the same percentage rate of the usual and customary charges provided for dental services containing mercury prior to January 1, 2005.

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
Department of Transportation
Missouri Consolidated Health Care Plan
Department of Social Services
Department of Health and Senior Services
Department of Insurance
Office of Attorney General
Department of Economic Development -
Division of Professional Registration



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