

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4049-01
Bill No.: HB 1160
Subject: Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: March 15, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Insurance Dedicated Fund	\$8,000	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$8,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$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 **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Social Services** state formula and low protein food for recipients with PKU in MC+ managed care health plans are clearly covered for children up to age 21 and through the exception process for those 21 years old and over. Therefore, the Division of Medical Services does not believe there will be additional cost to the MC+ managed care health plan program as a result of this proposal.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the fiscal impact of the proposal on their organization.

Officials from the **Missouri Department of Transportation (DOT)** state currently the Highway & Patrol Medical Plan provides coverage for formula and low protein modified food products recommended by a physician for the treatment of phenylketonuria or any inherited disease of amino and organic acids who is covered under the plan and who is less than six years of age. Due to the low incident rate of amino and organic disorders, DOT feels there would be a very minimal fiscal impact to the Highway & Patrol Medical Plan.

ASSUMPTION (continued)

Oversight assumes, based on DOT's response, that a minimal fiscal impact could be absorbed within the existing resources of DOT's various funds.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP HMO and Copay plans cover formula and low protein modified food products recommended by the physician for treatment of Phenylketonuria (PKU), as any other medical benefit under the plan.

The HCP public entity PPO plans also cover the supplements as any other medical benefit under the plan. The network benefit is 20% coinsurance after a \$500 deductible. The out-of-network benefit is 40% coinsurance after a \$1,000 deductible.

Therefore, this proposal does not fiscally impact the state.

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal will have an unknown fiscal impact, but it is estimated to be less than \$100,000 per year.

Oversight assumes an unknown impact less than \$100,000 to be a minimal fiscal impact and absorbable within current MDC fund levels.

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

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 review, the INS will need to request additional staff to handle the increase in workload.

This proposal will result in an increase in Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent they may incur additional health insurance costs due to the requirements of this proposal.

DESCRIPTION

This proposal revises a provision pertaining to health insurance coverage for phenylketonuria (PKU) and any inherited disease of amino and organic acids.

Currently, this type of health insurance coverage must be provided for a patient who is covered and is less than six years of age. The proposal repeals the requirement that a patient be less than six years of age.

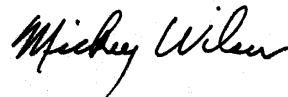
In addition, current law requires the insured to be responsible for a reasonable co-insurance or copayment which would not exceed 50% of the cost of formula and food products used to treat the diseases. The proposal repeals this provision.

The proposal also prohibits the insured from being subject to any greater deductible or copayment than other similar health care services provided by the policy, contract, or plan.

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 Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation



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