

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4083-01  
Bill No.: HB 1196  
Subject: Insurance - General; Insurance - Medical; Physicians  
Type: Original  
Date: February 25, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$44,270)	(\$49,744)	(\$50,989)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$44,270)</b>	<b>(\$49,744)</b>	<b>(\$50,989)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

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

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

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of the Governor, Office of Administration (COA) - Division of Accounting, COA - Division of Risk Management/General Services, Department of Economic Development - Division of Professional Registration, Department of Revenue, Department of Insurance, and Missouri Senate** assume the proposal will have no fiscal impact on their organizations.

Officials from the **COA - Division of Budget and Planning (BAP)** state the proposal creates the “Missouri Physicians Mutual Insurance Company Act” and requires the General Assembly to place up to \$10 million in the Physicians Mutual Insurance Company Loan Fund. The proposal should not result in additional costs or savings to the BAP.

Officials from the **Office of State Treasurer (STO)** state if the proposal passes, the STO would have to make loan payments, track interest charges and loan repayments. The STO would need one (1) FTE at the Accounting Analyst II level, with the corresponding expense and equipment. The STO estimates FY 05 costs of \$50,299; FY 06 costs of \$57,159; and FY 07 costs of \$58,589.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the Accounting Analyst II to correspond to the second step above minimum for comparable positions in the state’s merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Office of State Treasurer</u>			
Personal Serve Costs (1 FTE)	(\$28,423)	(\$34,961)	(\$35,835)
Fringe Benefits	(\$11,767)	(\$14,474)	(\$14,836)
Equipment and Expense	<u>(\$4,080)</u>	<u>(\$309)</u>	<u>(\$318)</u>
Total <u>Costs</u> - Office of State Treasurer	(\$44,270)	(\$49,744)	(\$50,989)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$44,270)</u></b>	<b><u>(\$49,744)</u></b>	<b><u>(\$50,989)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2005 (10 Mo.)	 FY 2006	 FY 2007
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal could impact small business insurance companies that offer physicians liability insurance as well as small business physicians' offices that may choose to obtain their liability insurance through the Missouri Physicians Mutual Insurance Company.

DESCRIPTION

This proposal creates a mutual insurance company, a nonprofit corporation, to provide medical malpractice insurance coverage to health care professionals in the state. The proposal establishes the Missouri Medical Malpractice Mutual Insurance Company Loan Fund, to be administered by the State Treasurer. The corporation will be capitalized through a loan from this fund, from which the corporation may borrow up to \$10 million. The corporation will also have the authority to issue revenue bonds, not to exceed \$50 million. The interest on these bonds will be exempt from state income tax.

The proposal sets the process for creating a seven-member board of directors to oversee the corporation and hire an executive director. Board members cannot be employed by, or have any financial interest in, any hospital, health maintenance organization, or insurance entity. Board members will be reimbursed for necessary expenses and may be paid a stipend of up to \$1,000

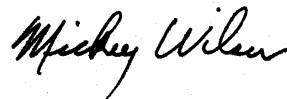
DESCRIPTION (continued)

per board meeting. Among the board's duties will be the formulation and implementation of a program designed to decrease medical negligence by physicians and their staff, via training seminars.

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

Office of Administration -  
    Division of Budget and Planning  
    Division of Accounting  
    Division of Risk Management/General Services  
Office of the Governor  
Department of Economic Development -  
    Division of Professional Registration  
Department of Revenue  
Department of Insurance  
Missouri Senate  
Office of State Treasurer



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Director  
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