

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4481-01
Bill No.: HB 1430
Subject: Insurance - Medical; Insurance Dept.
Type: Original
Date: March 22, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)

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

* Income and expenses unknown exceeding \$150,000 annually and 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 **Department of Mental Health, Missouri Department of Conservation** and **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their organizations.

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 **Department of Insurance (INS)** state the proposal will have no fiscal impact to the INS. The INS already tests for compliance of prompt payment during company examinations. This would just change the timeframes which are tested.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would change to seven days the amount of time a health carrier or a third party contractor has to send an acknowledgment of the date of receipt or send a notice of a request for additional information. It also changes to twelve the number of days after the carrier has received additional information to ASSUMPTION (continued)

pay all or any undisputed part of the claim, deny or suspend the claim. The overall impact of this proposal is unknown, but expected to be minimal.

Oversight assumes an unknown, but minimal impact to be absorbable within the current funding levels of the HCP.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the proposal amends various timely filing requirements for health care service claims. The DMS adheres to the timely filing regulations established in the Code of Federal Regulations 447.45(d)(2) for the processing of fee-for-service claims.

However, the DMS administers a managed care program which contracts with health maintenance organizations (HMOs) for the purpose of providing health care services through capitated rates. These HMOs are subject to this proposal.

The DMS assumes that any additional costs incurred by the managed care contractors because of mandated Federal or State laws will affect the administrative costs included in contract renewals with the Medicaid program. Therefore, the fiscal impact is unknown greater than \$100,000 to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Increase in contract renewal rates	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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FEDERAL FUNDS

Income - Department of Social Services - Division of Medical Services

Increase in program reimbursements	Unknown exceeding \$150,000)	Unknown exceeding \$150,000)	Unknown exceeding \$150,000)
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Costs - Department of Social Services - Division of Medical Services

Increase in HMO contract rates	(Unknown exceeding \$150,000)	(Unknown exceeding \$150,000)	(Unknown exceeding \$150,000)
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ESTIMATED NET EFFECT ON FEDERAL FUNDS*

*** Income and expenses unknown exceeding \$150,000 annually and net to \$0.**

<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

The proposal could impact small business medical providers in that payment for services would be received more promptly.

DESCRIPTION

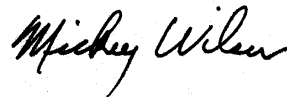
This proposal requires insurers to pay a monthly interest charge of 2% on any unpaid portion of a health insurance claim when the insurer is delinquent. Current law requires a 1% interest charge. The proposal also shortens the time frames within which the insurer must: (1) Acknowledge the initial receipt of a claim, from 10 working days after receipt to seven working days; (2) Deny a claim, from 15 days after receiving additional requested information to 12 days; and (3) Pay a claim, from 45 days after the initial receipt of the claim to 35 days.

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

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Department of Mental Health
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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 22, 2004