

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4903-01
Bill No.: HB 1739
Subject: Business and Commerce; Insurance - Medical; Insurance Department
Type: Original
Date: April 28, 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
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

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
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 Insurance** assume the proposal will have no fiscal impact on their organization.

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

This proposal would be expected to impact small businesses that provide insurance benefits for employees.

DESCRIPTION

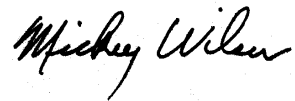
This proposal changes the laws regarding the Small Employer Health Insurance Availability Act. The proposal:

- (1) Adds the terms "bona fide association," "creditable coverage," "excepted benefits," "health status-related factor," and "medical care" as they relate to the proposal;
- (2) Modifies the definition of "small employer" as it pertains to a group health plan to include political subdivisions. A small employer is one who employs two to 50 eligible employees. Under current law, a small employer has three to 25 employees;
- (3) Modifies conditions under which small employer health benefit plans are not renewable;
- (4) Lists conditions under which small employer carriers can discontinue a particular type of small group health benefit plan and discontinue all small employer health insurance coverage;
- (5) Repeals the requirement for small employer carriers electing to non-renew all of its small employer health plans in the state to provide certain types of notice;
- (6) Allows small employer carriers offering coverage through a network plan to not offer coverage to an eligible person who no longer lives or works in the service area or to a small employer who no longer has an enrollee in the plan who lives or works in the service area;
- (7) Requires small employer carriers to offer all health benefit plans they actively market to small employers in the state. Current law requires small employer carriers to offer at least two health benefit plans: a basic and a standard health benefit plan;
- (8) Repeals provisions that limit how small employer health benefit plans define pre-existing conditions;
- (9) Repeals provisions that require small employer health benefit plans to waive waiting periods for pre-existing condition coverage when the individual had continuous coverage;
- (10) Requires small employer carriers to offer coverage uniformly to all small employers, without factoring in claims experience or any health status-related factor relating to their employees; and
- (11) Abolishes the Missouri Small Employer Reinsurance Program on December 31, 2005. The program will not take on any risk after October 1, 2004.

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 Insurance

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA
Director
April 28, 2004