

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1652-01
Bill No.: HB 596
Subject: Health Care; Insurance - Medical; Tobacco Products
Type: Original
Date: March 8, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund	Unknown	Unknown	Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
All Other	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Federal	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>All</u> Federal Funds	Unknown	Unknown	Unknown

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Director's Office, Department of Insurance, and Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

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

Officials from the **Missouri Department of Transportation (DOT)** state the proposal provides that employers shall be permitted to provide/contract for health insurance benefits at a reduced premium rate for employees who do not smoke or use tobacco products. The language of the proposal is discretionary and will not have a fiscal impact on the Missouri Highway Transportation Commission/DOT or on the Highway and Patrol Medical Plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would permit an employer to provide health insurance benefits at a reduced premium rate for employees who do not smoke or use tobacco products. Offering reduced health insurance premium rates

ASSUMPTION (continued)

may create an incentive for some employees to quit smoking, therefore, overtime claims cost could be reduced for this group. Those who do not currently smoke would also receive a lower premium but without any corresponding change in claim activity. However, extra premium would also be required to cover the riskier population of those that do smoke. The fiscal impact of this proposal would require a consideration of the extra premium, the reduced premium for the nonsmokers and the lower claim cost for those who quit smoking. However, because HCP does not know the premium amounts or the number of employees eligible for the reduced rate, it is difficult to determine the fiscal impact of this legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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GENERAL REVENUE FUND

Savings - Missouri Consolidated Health
 Care Plan

Reduction in premium costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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OTHER STATE FUNDS

Savings - Missouri Consolidated Health
 Care Plan

Reduction in premium costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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**ESTIMATED NET EFFECT ON
 OTHER STATE FUNDS**

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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FEDERAL FUNDS

Savings - Missouri Consolidated Health
 Care Plan

Reduction in premium costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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FISCAL IMPACT - Local Government

FY 2006
(10 Mo.)

FY 2007

FY 2008

ALL LOCAL GOVERNMENTS

Savings - All Local Governments

Reduction in premium costs

Unknown

Unknown

Unknown

**ESTIMATED NET EFFECT ON ALL
LOCAL GOVERNMENTS**

Unknown

Unknown

Unknown

FISCAL IMPACT - Small Business

This proposal may impact small businesses that provide health insurance for employees by lowering insurance premiums for employees who do not smoke or use tobacco products.

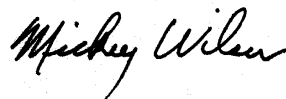
DESCRIPTION

This proposal allows employers to provide or contract for health insurance at reduced rates for employees who do not use tobacco products.

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



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