

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1819-01  
Bill No.: HB 667  
Subject: Insurance - General; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: March 8, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated	\$8,000	\$0	\$0
County Foreign Insurance*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$8,000</b>	<b>\$0</b>	<b>\$0</b>

**\* Decrease in unknown revenues is offset by an unknown decrease in transfers to school districts and net to \$0.**

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<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 2006	FY 2007	FY 2008
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Revenue, Office of Administration - Division of Budget and Planning, Department of Public Safety (DPS) - Director's Office, 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 of the proposal on their organization.

Officials for the **Missouri Department of Transportation (DOT)** assume the proposal will have no fiscal impact on the Missouri Highway Transportation Commission/DOT or the Highway and Patrol Medical Plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state HCP currently offers health benefit plans which contain deductibles, coinsurance and variable copayments. The HCP offers HMO plans as well as the Copay Plan through First Health, which has non-network benefits subject to deductibles and coinsurance amounts. Therefore, this proposal does not fiscally impact the HCP.

ASSUMPTION (continued)

Officials from the **Department of Insurance (INS)** state HMOs currently pay corporate income tax rather than premium tax. Premium taxes are split 50/50 between General Revenue and the County Foreign Insurance Fund. The INS assumes that companies with both HMO and insurance company affiliates may move business from PPO contracts, where premium taxes are paid, to HMO contracts, where corporate tax is paid. This would result in an unknown decrease in what is deposited in the County Foreign Insurance Fund. The County Foreign Insurance Fund is distributed yearly to all school districts in the state. The shift from premium tax to corporate tax would also result in a difference in tax amounts collected. Currently, the premium tax rate is 2% of the premium written. How corporate tax is calculated and the impact this shift would have on General Revenue is unknown.

The INS estimates that many of the 160 insurers and HMOs would develop and file new products which are required to be submitted to the INS for review and approval. Policies and HMO contracts 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.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Income - Department of Insurance</u>			
Shift from premium tax to corporate tax	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$8,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>COUNTY FOREIGN INSURANCE FUND</b>			
<u>Savings - Department of Insurance</u>			
Reduction in transfer-out to school districts	Unknown	Unknown	Unknown
<u>Loss - Department of Insurance</u>			
Reduction in premium taxes collected	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON COUNTY FOREIGN INSURANCE FUND*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
* Decrease in unknown revenues is offset by an unknown decrease in transfers to school districts and net to \$0.			

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>SCHOOL DISTRICTS</b>			
<u>Loss - School Districts</u>			
Reduction in premium taxes transferred-in from the County Foreign Insurance Fund	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide health insurance benefits to employees as it may affect health insurance premiums.

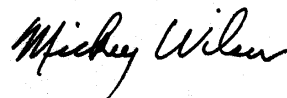
DESCRIPTION

Under this proposal, any health carrier may offer as an option, one or more health benefit plans which contain deductibles, coinsurance, coinsurance differentials, or variable copayments, as agreed to by the group or individual policy holder. Health benefit plans which contain deductibles may be combined with health savings accounts (HSAs), as described in the Medicare Reform Act.

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  
Department of Revenue  
Missouri Department of Transportation  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Department of Insurance  
Missouri Department of Conservation

A handwritten signature in black ink, appearing to read "Mickey Wilson". The signature is written in a cursive, flowing style.

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Mickey Wilson, CPA  
Director  
March 8, 2005