

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2138-01  
Bill No.: HB 845  
Subject: Health Care; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: April 12, 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 exceeding \$385,000)	(Unknown exceeding \$770,000)	(Unknown exceeding \$770,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$385,000)</b>	<b>(Unknown exceeding \$770,000)</b>	<b>(Unknown exceeding \$770,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated	\$0 to \$8,000	\$0	\$0
Highway	(Unknown)	(Unknown)	(Unknown)
Patrol Highway	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(Unknown less than \$50,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
All Other State	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Revenues and expenses of \$770,000 annually and net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Director's Office** defer any cost estimates to the Office of Administration and the Missouri Consolidated Health Care Plan since health care premiums and insurance matters are handled through those agencies.

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

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state HCP's HMO and Copay plans cover diagnostic testing as any other medical benefit under the plan. Therefore, this proposal does not fiscally impact the HCP.

Officials from the **Missouri Department of Transportation (DOT)** assume that there are tests and healthcare services that the Medical Plan will be required to cover and are not currently covered under the Medical Plan. As a result, there would be a fiscal impact to the Medical Plan. Without knowing the exact tests and services that the Medical Plan will be required to cover, it is impossible to calculate the fiscal impact. Since a chronic kidney patient is defined as an individual diagnosed with diabetes or hypertension and the DOT has many participants in its medical plan with these diagnoses, the DOT is assuming an unknown fiscal impact greater than \$100,000.

ASSUMPTION (continued)

**Oversight** has, for fiscal note purposes, shown unknown costs to the General Revenue Fund, the Highway Fund, the Patrol Highway Fund, and all Other State Funds.

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal will have a fiscal impact on MDC funds. The impact is unknown, but estimated to be less than \$100,000 annually.

Officials from the **Department of Insurance (INS)** state the INS estimates 160 insurers and HMOs might be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$0 to \$8,000 (\$50 filing fee X 160 insurers).

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 reviews, the INS will need to request additional staff to handle the increase in workload.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the proposed legislation requires health benefit plans to offer coverage for diagnostic testing and healthcare services for chronic kidney patients including managing risk factors, improving nutritional status, and correcting anemia associated with the disease. Chronic kidney patients are defined as individuals diagnosed with diabetes or hypertension or who have a family history of kidney disease and receive a diagnosis of kidney disease.

The Missouri Medicaid program currently covers the routine diagnostic testing and healthcare services associated with kidney disease. However, coverage for the management of chronic kidney patients would be a new cost to the DMS under the Disease Management Program, which currently offers coverage for asthma, diabetes, heart failure, and depression. The contractor is reimbursed a firm, fixed price per quarter per numerical range of patients enrolled in the Disease Management Program. There is currently a monthly average of 1,300 patients enrolled in the program at a quarterly rate of \$240,000. The DMS assumes that at least 10,000 new patients would be eligible for this coverage under the proposed legislation. Based on the increased monthly average of patients, the new quarterly rate would be \$625,000, or an increase of \$385,000 per quarter. Therefore, the fiscal impact for the DMS would be \$1,540,000 annually (\$385,000 X 4).

**Oversight** assumes changes in insurance coverage would become effective at the beginning of a new insurance plan year. **Oversight** assumes insurance coverage would become effective January 1, 2006.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Missouri Department of Transportation</u>			
Increase in state share of health insurance costs	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Department of Social Services</u>			
Increase in state share of Medicaid program costs	<u>(\$385,000)</u>	<u>(\$770,000)</u>	<u>(\$770,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown exceeding \$385,000)</u></b>	<b><u>(Unknown exceeding \$770,000)</u></b>	<b><u>(Unknown exceeding \$770,000)</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$0 to \$8,000</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$0 to \$8,000</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>HIGHWAY FUND</b>			
<u>Costs - Missouri Department of Transportation</u>			
Increase in state share of health insurance costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - State Government

FY 2006  
(6 Mo.)

FY 2007

FY 2008

**PATROL HIGHWAY FUND**

Costs - Missouri Department of  
Transportation

Increase in state share of health  
insurance costs

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON  
PATROL HIGHWAY FUND**

**(Unknown)**

**(Unknown)**

**(Unknown)**

**CONSERVATION COMMISSION  
FUND**

Costs - Missouri Department of  
Conservation

Increase in state share of health  
insurance costs

(Unknown less  
than \$50,000)

(Unknown less  
than \$100,000)

(Unknown less  
than \$100,000)

**ESTIMATED NET EFFECT ON  
CONSERVATION COMMISSION  
FUND**

**(Unknown less  
than \$50,000)**

**(Unknown less  
than \$100,000)**

**(Unknown less  
than \$100,000)**

**ALL OTHER STATE FUNDS**

Costs - Missouri Department of  
Transportation

Increase in state share of health  
insurance costs

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON ALL  
OTHER STATE FUNDS**

**(Unknown)**

**(Unknown)**

**(Unknown)**

<u>FISCAL IMPACT - State Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
<b>FEDERAL FUNDS</b>			
<u>Income - Department of Social Services</u>			
Increase in Medicaid program reimbursements	\$385,000	\$770,000	\$770,000
<u>Costs - Department of Social Services</u>			
Increase in Medicaid program payments	<u>(\$385,000)</u>	<u>(\$770,000)</u>	<u>(\$770,000)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal could impact small businesses which provide insurance coverage for employees.

DESCRIPTION

This proposal requires that all health benefit plans provide coverage for diagnostic testing and healthcare services for individuals with chronic kidney disease.

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 Social Services  
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



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Director  
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