

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3703-01
Bill No.: HB 1085
Subject: Insurance - Medical; Insurance Dept.; Taxation and Revenue - General
Type: Original
Date: March 14, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown exceeding \$55,617)	(Unknown exceeding \$66,740)	(Unknown exceeding \$66,740)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$55,617)	(Unknown exceeding \$66,740)	(Unknown exceeding \$66,740)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Other State	(Unknown exceeding \$10,050)	(Unknown exceeding \$12,060)	(Unknown exceeding \$12,060)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown exceeding \$10,050)	(Unknown exceeding \$12,060)	(Unknown exceeding \$12,060)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Federal	(Unknown exceeding \$17,667)	(Unknown exceeding \$21,200)	(Unknown exceeding \$21,200)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$17,667	\$21,200	\$21,200

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Administration - Division of Accounting** defer to the Missouri Consolidated Health Care Plan and Department of Insurance for response regarding the potential fiscal impact of this proposal.

Officials from the **Department of Public Safety (DPS) - Director's Office** defer to the Office of Administration and Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact of this proposal.

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.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal to the SOS for administrative rules is less than \$1,500. The SOS does not expect additional funding would be required to meet these costs. However, the SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Missouri Department of Transportation (DOT)** state the Highway and Patrol health plan appear to fall within the language of the proposal. However, it is difficult to speculate whether the DOT does or will have any employees who will be considered eligible to receive tax credits under the Trade Act of 2002. Under the Trade Act, it is the individual's responsibility to obtain a certificate of eligibility. The language in the proposal merely provides for a federal tax credit individuals can take advantage of, therefore, the DOT assumes there will be no fiscal impact on the DOT or the Highway and Patrol medical plan.

Officials from the **Department of Insurance (INS)** state this proposal would have no fiscal impact on the INS as the proposal does not actually guarantee that any of the types of health plans listed will actually meet the federal rules for being "qualified", nor does it provide any displaced workers with eligibility or an enrollment mechanism for joining the state employee health plan or any other health plan.

A state law that calls a health plan "qualified" for purposes of allowing health plan members to claim the federal health coverage tax credit does not actually make any health plan "qualified." Laws related to the Missouri health insurance high risk pool and other state health plans would need to be changed in order for members to claim the federal tax credit.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state currently the Copay Plan through First Health contains a six-month pre-existing condition limitation. Health care plans through the Public Entities also contain pre-existing condition limitations. However, if a member was previously covered by other health insurance coverage and the break in coverage was less than 63 days, the pre-existing limitation is reduced by the time covered under the previous plan. Due to this pre-existing condition limitation, the HCP would not meet the criteria of a state-qualified health coverage option. Elimination of pre-existing condition limitations would add cost due to additional claims. The HCP requirement to provide eligible members with monthly certificates of Trade Adjustment Assistance (TAA) eligibility would also add additional cost. It is very difficult to determine the fiscal impact. However, the HCP estimates the impact to be greater than \$100,000 annually for each, the state and Public Entities' funds.

FISCAL IMPACT - State Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

GENERAL REVENUE FUND

Costs - Missouri Consolidated Health
Care Plan

Increase in state share of health
insurance premiums

(Unknown
exceeding
\$55,617)

(Unknown
exceeding
\$66,740)

(Unknown
exceeding
\$66,740)

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

**(Unknown
exceeding
\$55,617)**

**(Unknown
exceeding
\$66,740)**

**(Unknown
exceeding
\$66,740)**

OTHER STATE FUNDS

Costs - Missouri Consolidated Health
Care Plan

Increase in state share of health
insurance premiums

(Unknown
exceeding
\$10,050)

(Unknown
exceeding
\$12,060)

(Unknown
exceeding
\$12,060)

**ESTIMATED NET EFFECT ON
OTHER STATE FUNDS**

**(Unknown
exceeding
\$10,050)**

**(Unknown
exceeding
\$12,060)**

**(Unknown
exceeding
\$12,060)**

FEDERAL FUNDS

Costs - Missouri Consolidated Health
Care Plan

Increase in state share of health
insurance premiums

(Unknown
exceeding
\$17,667)

(Unknown
exceeding
\$21,200)

(Unknown
exceeding
\$21,200)

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

**(Unknown
exceeding
\$17,667)**

**(Unknown
exceeding
\$21,200)**

**(Unknown
exceeding
\$21,200)**

FISCAL IMPACT - Local Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

ALL LOCAL GOVERNMENTS

Costs - All Local Governments

Increase in share of health insurance
premiums

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

**ESTIMATED NET EFFECT ON ALL
LOCAL GOVERNMENTS**

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal allows certain health benefit plans to be available as a state-qualified health coverage option for persons eligible for the federal health coverage tax credit. The Department of Insurance will facilitate and coordinate the filing of documentation necessary by state agencies to qualify the plans.

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 Personnel
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
Office of Secretary of State



Mickey Wilson, CPA
Director
March 14, 2006