

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3861-02
Bill No.: HCS for HB 1101
Subject: Employees - Employers; Insurance - Medical; Health, Public
Type: Original
Date: March 2, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
Other State	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 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Risk Management/General Services, Department of Social Services, 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 of the proposal 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 or reduced

ASSUMPTION (continued)

deductible level for employees who do not smoke or use tobacco products. Offering reduced health insurance premium rates may create an incentive for some employees to quit smoking. Therefore, over time, claims' costs 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, an extra premium would also be required to cover the riskier population of those who 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 costs for those who quit smoking. 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 proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
---	---------------------	---------	---------

GENERAL REVENUE FUND

Savings - Missouri Consolidated Health Care Plan

Reduction in health care premium costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
--	----------------	----------------	----------------

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
----------------	----------------	----------------

OTHER STATE FUNDS

Savings - Missouri Consolidated Health Care Plan

Reduction in health care premium costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
--	----------------	----------------	----------------

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
----------------	----------------	----------------

FEDERAL FUNDS

Savings - Missouri Consolidated Health Care Plan

Reduction in health care premium costs	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
--	----------------	----------------	----------------

ESTIMATED NET EFFECT ON FEDERAL FUNDS

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
----------------	----------------	----------------

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
ALL LOCAL GOVERNMENTS			
<u>Savings - All Local Governments</u>			
Reduction in health insurance premiums	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

Currently, an employer may contract for health insurance at a reduced premium rate for employees who do not smoke or use tobacco products. This proposal allows the employer to also contract for health insurance at a reduced deductible level for employees who do not smoke or use tobacco products.

Health insurance carriers may offer reduced premium or deductible policies to employers and not be considered to be in violation of any unfair trade practice as defined in section 379.936 even if only some employers elect to purchase such a policy and others do not. These provisions also apply to small business employers.

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 General Services/Risk Management
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



Mickey Wilson, CPA
Director
March 2, 2006