

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4631-02
Bill No.: HB 1599
Subject: Insurance - General; Insurance - Medical; Insurance Dept.
Type: Original
Date: April 4, 2006

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------------|------------------------------------|------------------------------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| General Revenue | (Unknown) | (Unknown exceeding \$1,830) | (Unknown exceeding \$1,830) |
| Total Estimated Net Effect on General Revenue Fund | (Unknown) | (Unknown exceeding \$1,830) | (Unknown exceeding \$1,830) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| Insurance Dedicated | \$0 to \$5,000 | \$0 | \$0 |
| Conservation | (Unknown less than \$83,333) | (Unknown less than \$100,000) | (Unknown less than \$100,000) |
| Highway - Highway Patrol | (Unknown exceeding \$16,525) | (Unknown exceeding \$19,830) | (Unknown exceeding \$19,830) |
| Road | (Unknown exceeding \$63,667) | (Unknown exceeding \$76,400) | (Unknown exceeding \$76,400) |
| All Other | (Unknown exceeding \$1,617) | (Unknown exceeding \$1,940) | (Unknown exceeding \$1,940) |
| Total Estimated Net Effect on Other State Funds | (Unknown exceeding \$76,809) | (Unknown exceeding \$98,170) | (Unknown exceeding \$98,170) |

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2007 | FY 2008 | FY 2009 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS) - Director's Office** assume the proposal will have no fiscal impact on their organization.

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

Officials from the **Department of Social Services (DOS) - Division of Medical Services** state currently, formula and low protein foods for recipients with inherited metabolic diseases are covered under Medicaid. Therefore, the proposal is not expected to cause a fiscal impact.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP's HMO and Copay plans cover formula and low protein modified food products recommended by physicians for treatment of Phenylketonuria (PKU) or any inherited disease of amino and organic acids as any other medical benefit under the plan. Therefore, the proposal does not fiscally impact the HCP.

Officials from the **Department of Insurance (INS)** state the INS estimates 100 insurers may be required to submit amendments to their policies to comply with this proposal. Policy amendments 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 \$0 to \$5,000.

ASSUMPTION (continued)

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 Health and Senior Services (DOH)** state the DOH currently has 40 participants enrolled in the Metabolic Formula Distribution Program. The program pays for formula only, not food products. Of those participants, 36 participants are six (6) years of age or older. Eight of the participants have insurance only (no other benefits) and three (3) of those have insurance coverage that does not pay for the formula and food products needed to manage/treat their metabolic disease. As of March 20, 2006 (FY 06), for the three participants that have insurance that does not pay for metabolic formulas, the DOH paid a total of \$10,989.

Based on year-to-date expenditures, there would be a savings of approximately \$1,221 per month. If the proposal were passed, these costs would be paid by insurance companies, generating a savings of approximately \$12,210 in FY 07.

Officials from the **Missouri Department of Conservation (MDC)** assume the fiscal impact associated with this proposal is unknown, but is estimated to be less than \$100,000 per year.

Officials from the **Missouri Department of Transportation (DOT)** state the proposal modifies the requirements for health insurance coverage for amino acid modified medical food formulas and low protein modified food products used in the treatment of inherited metabolic diseases if such formulas and products are prescribed for the therapeutic treatment of such diseases and are administered under the direction of a licensed physician. The coverage required by this proposal shall not be subject to any greater deductibles, co-insurance or co-payments than other similar health services provided by the plan, but may be subject to an annual benefit maximum of not less than five thousand dollars (\$5,000) for low protein modified food products and not less than twenty-five thousand dollars (\$25,000) for amino acid modified medical food formula.

This proposal will have no fiscal impact on the DOT/Missouri Highway Transportation Commission (MHTC). While the Highway and Patrol Medical Plan (Plan) does not fall expressly within this legislation, the Plan would be required to offer similar coverage under section 104.801, RSMo. As a result, the legislation will have a fiscal impact on the Plan. Currently, the Plan provides coverage for formula and low protein modified food products recommended by a physician for the treatment of any inherited disease of amino and organic acids who is covered under the plan and who is less than six years of age. There would be a fiscal impact to the Plan for participants beyond the age of six. The impact could exceed \$100,000 due to the maximums set by this proposal.

ASSUMPTION (continued)

Historically, the DOT and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run by being absorbed by the plan, paid for through state appropriated funds, or costs to individuals covered under the plan. However, the Medical Plan, MHTC, DOT, and Patrol must make a decision on how to fund the increase.

Oversight is presenting unknown costs exceeding \$100,000 allocated between the following funds for the DOT: General Revenue, Highway - Highway Patrol, Road, and All Other funds.

| <u>FISCAL IMPACT - State Government</u> | FY 2007 (10 Mo.) | FY 2008 | FY 2009 |
|---|------------------------------------|---|---|
| GENERAL REVENUE FUND | | | |
| <u>Savings - Department of Health and Senior Services</u> | | | |
| Savings on formula | <u>\$12,210</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Costs - Missouri Department of Transportation</u> | | | |
| Increase in insurance premiums | <u>(Unknown exceeding \$1,525)</u> | <u>(Unknown exceeding \$1,830)</u> | <u>(Unknown exceeding \$1,830)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(Unknown)</u> | <u>(Unknown exceeding \$1,830)</u> | <u>(Unknown exceeding \$1,830)</u> |
| INSURANCE DEDICATED FUND | | | |
| <u>Income - Department of Insurance</u> | | | |
| Form filing fees | <u>\$0 to \$5,000</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND | <u>\$0 to \$5,000</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - State Government

FY 2007
(10 Mo.)

FY 2008

FY 2009

CONSERVATION FUNDS

Costs - Missouri Department of
Conservation

Increase in insurance premiums

(Unknown less
than \$83,333)

(Unknown less
than \$100,000)

(Unknown less
than \$100,000)

**ESTIMATED NET EFFECT ON
CONSERVATION FUNDS**

(Unknown less
than \$83,333)

(Unknown less
than \$100,000)

(Unknown less
than \$100,000)

HIGHWAY - HIGHWAY PATROL

Costs - Missouri Department of
Transportation

Increase in insurance premiums

(Unknown
exceeding
\$16,525)

(Unknown
exceeding
\$19,830)

(Unknown
exceeding
\$19,830)

**ESTIMATED NET EFFECT ON
HIGHWAY - HIGHWAY PATROL**

(Unknown
exceeding
\$16,525)

(Unknown
exceeding
\$19,830)

(Unknown
exceeding
\$19,830)

ROAD FUND

Costs - Missouri Department of
Transportation

Increase in insurance premiums

(Unknown
exceeding
\$63,667)

(Unknown
exceeding
\$76,400)

(Unknown
exceeding
\$76,400)

**ESTIMATED NET EFFECT ON
ROAD FUND**

(Unknown
exceeding
\$63,667)

(Unknown
exceeding
\$76,400)

(Unknown
exceeding
\$76,400)

| <u>FISCAL IMPACT - State Government</u> | FY 2007 (10 Mo.) | FY 2008 | FY 2009 |
|--|---|---|---|
| ALL OTHER FUNDS | | | |
| <u>Costs - Missouri Department of Transportation</u> | | | |
| Increase in insurance premiums | <u>(Unknown exceeding \$970)</u> | <u>(Unknown exceeding \$1,940)</u> | <u>(Unknown exceeding \$1,940)</u> |
| ESTIMATED NET EFFECT ON ALL OTHER FUNDS | <u>(Unknown exceeding \$1,617)</u> | <u>(Unknown exceeding \$1,940)</u> | <u>(Unknown exceeding \$1,940)</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2007 (10 Mo.) | FY 2008 | FY 2009 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

Small businesses that pay insurance premiums for their employees could be impacted if insurance premiums increase as a result of the proposal.

DESCRIPTION

This proposal changes the laws regarding health insurance coverage.

Currently, health insurance coverage for phenylketonuria and any inherited disease of amino and organic acids must be provided for a patient who is covered and is younger than six years of age. This proposal repeals the requirement that a patient be younger than six years of age and requires every health carrier to provide, after September 1, 2006, health insurance coverage for the treatment of inherited metabolic diseases.

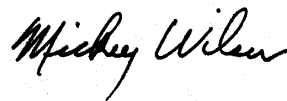
Currently, the insured is responsible for a reasonable co-insurance or co-payment which does not exceed 50% of the cost of formula and food products used to treat the diseases. The proposal repeals this provision and prohibits the insured from being subject to any greater deductible, co-insurance, or co-payment than other similar health care services provided. However, the services can be subject to an annual maximum benefit.

DESCRIPTION (continued)

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 Health and Senior Services
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
April 4, 2006