

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5140-01
Bill No.: HB 1903
Subject: Insurance - General; Insurance - Medical; Health Care; Hospitals
Type: Original
Date: March 24, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown could exceed \$917)	(Unknown could exceed \$1,832)	(Unknown could exceed \$1,852)
Total Estimated Net Effect on General Revenue Fund	(Unknown could exceed \$917)	(Unknown could exceed \$1,832)	(Unknown could exceed \$1,852)

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 exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Highway - Highway Patrol	(Unknown could exceed \$9,932)	(Unknown could exceed \$19,847)	(Unknown could exceed \$19,827)
Road	(Unknown could exceed \$38,208)	(Unknown could exceed \$76,438)	(Unknown could exceed \$76,395)
All Other	(Unknown could exceed \$943)	(Unknown could exceed \$1,883)	(Unknown could exceed \$1,926)
Total Estimated Net Effect on Other State Funds	(Unknown exceeding \$45,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)

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**, the **University of Missouri System**, and **Excelsior Springs Medical Center** 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 on the proposal on their organization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP's HMO and Copay plans cover emergency room services as network benefits in or out of the network. A transfer to a network facility may be required once a patient becomes stable. Therefore, this proposal will have no fiscal impact on 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.

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.

ASSUMPTION (continued)

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would have a fiscal impact on MDC funds since charges in non-network facilities would not be subject to the Plan's provider discounts at network facilities. The exact impact is unknown, but expected to exceed \$100,000 annually.

Officials from the **Missouri Department of Transportation (DOT)** state the following fiscal impact was applied only to services coded as emergency room (ER) services and do not account for in-patient services if admitted to the hospital. Under this legislation the DOT would have to cover the in-patient services as a result of an emergency for up to 48 hours or until the patient could be transferred to an in-network facility based on their medical condition.

The DOT's plan offers two different levels of coverage to its subscribers. The PPO Plan assesses a \$300 deductible to in-network and out-of-network services and applies a 10% coinsurance on in-network and 20% coinsurance out-of-network services. The Open Access III Plan, (OAIH) includes HMO benefits with a \$0 deductible or coinsurance when utilizing HMO network providers, \$300 deductible and 20% coinsurance when utilizing PPO network providers, and a \$500 deductible and 30% coinsurance when utilizing out-of-network providers. A \$75 co-payment is applied to all levels of coverage in both plans if the ER services are due to an illness and the patient is not admitted directly from the ER. Accident related injuries do not apply a \$75 co-payment.

Meritain Health ran a report for both the PPO Plan and the OAIH Plan where DOT's participants utilized an out-of-network provider for ER services. The report covered the dates between January 1, 2005 and March 8, 2006. The dollar amount of covered ER services under the PPO Plan for this period of time was \$33,394.14. The Plan applied deductibles of \$4,996.52, which the member pays whether in-network or out-of-network, and applied a 20% coinsurance. If the plan picks up the additional 10% coinsurance as required by this legislation it would cost an additional \$2,829.77 in coinsurance amounts paid by the plan for that period of time. Under the OAIH Plan, DOT applied \$976.96 to deductibles and coinsurance which the plan would now have to cover. The total additional ER costs of \$3,816.73 (\$2,839.77 + \$976.96) would be paid by the plan.

The total fiscal impact to the Plan cannot be determined because the DOT does not know the costs of in-patient stays resulting from emergency services which the Plan would be required to cover as in-network until the patient could be transferred to an in-patient facility.

Historically, the department and the plan members have shared in any premium increase necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to

ASSUMPTION (continued)

individuals covered under the plan). However, the Medical Plan, MHTC, DOT, and Patrol must make a decision on how to fund the increase.

Oversight assumes DOT's costs for this proposal could exceed \$100,000 annually. **Oversight** is allocating these costs between the General Revenue Fund, the Highway Fund - Highway Patrol, the Road Fund, and All Other Funds for the DOT.

Oversight notes the proposal is effective January 1, 2007.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Costs - Missouri Department of Transportation</u>			
Increase in insurance claims	<u>(Unknown could exceed \$917)</u>	<u>(Unknown could exceed \$1,832)</u>	<u>(Unknown could exceed \$1,852)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u><u>(Unknown could exceed \$917)</u></u>	<u><u>(Unknown could exceed \$1,832)</u></u>	<u><u>(Unknown could exceed \$1,852)</u></u>
INSURANCE DEDICATED FUND			
<u>Revenue - 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><u>\$0 to \$5,000</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

FISCAL IMPACT - State Government

FY 2007
(6 Mo.)

FY 2008

FY 2009

CONSERVATION FUND

Costs - Missouri Department of
Conservation

Increase in insurance claims

(Unknown
exceeding
\$50,000)

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

**ESTIMATED NET EFFECT ON
CONSERVATION FUND**

(Unknown
exceeding
\$50,000)

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

**HIGHWAY FUND - HIGHWAY
PATROL**

Costs - Missouri Department of
Transportation

Increase in insurance claims

(Unknown
could exceed
\$9,932)

(Unknown
could exceed
\$19,847)

(Unknown
could exceed
\$19,827)

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

(Unknown
could exceed
\$9,932)

(Unknown
could exceed
\$19,847)

(Unknown
could exceed
\$19,827)

ROAD FUND

Costs - Missouri Department of
Transportation

Increase in insurance claims

(Unknown
could exceed
\$38,208)

(Unknown
could exceed
\$76,438)

(Unknown
could exceed
\$76,395)

**ESTIMATED NET EFFECT ON
ROAD FUND**

(Unknown
could exceed
\$38,208)

(Unknown
could exceed
\$76,438)

(Unknown
could exceed
\$76,395)

<u>FISCAL IMPACT - State Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
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ALL OTHER FUNDS

Costs - Missouri Department of
 Transportation

Increase in insurance claims	<u>(Unknown could exceed \$943)</u>	<u>(Unknown could exceed \$1,883)</u>	<u>(Unknown could exceed \$1,926)</u>
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**ESTIMATED NET EFFECT ON ALL
 OTHER FUNDS**

<u><u>(Unknown could exceed \$943)</u></u>	<u><u>(Unknown could exceed \$1,883)</u></u>	<u><u>(Unknown could exceed \$1,926)</u></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide health insurance if insurers increase premiums.

DESCRIPTION

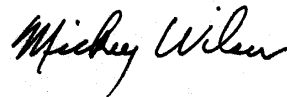
Beginning January 1, 2007, this proposal requires insurers to provide coverage for non-network emergency services in the same manner as network emergency services if the patient's medical condition prohibits him or her from being transferred to a network provider. Coverage will be provided for up to 48 hours or until the patient can be transferred, whichever occurs first.

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

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
Excelsior Springs Medical Center
University of Missouri

NOT RESPONDING: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Putnam County Memorial Hospital, and Washington County Memorial Hospital



Mickey Wilson, CPA
Director
March 24, 2006