

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0421-05
Bill No.: HCS for HB 95
Subject: Employees - Employers; Health Care; Insurance - Medical
Type: Original
Date: April 16, 2007

Bill Summary: This proposal requires the Division of Medical Services to apply for waivers to establish a pilot program under the state Medicaid program to provide premium assistance to the working uninsured.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	Unknown but Greater than \$195,651	Unknown but Greater than \$234,875	Unknown but Greater than \$234,875
Total Estimated Net Effect on General Revenue Fund	Unknown but Greater than \$195,651	Unknown but Greater than \$234,875	Unknown but Greater than \$234,875

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Savings and Costs of approximately \$324,974 in FY08 and \$390,125 in FY09 & FY10 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions & Professional Registration** and the **Office of the State Treasure** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Mental Health (DMH)** state the primary purpose of the pilot program appears to be to provide premium assistance for small business and their eligible employees to purchase employer-sponsored insurance or buy into a state-sponsored benefit plan. DMH anticipates that health insurance premium subsidies provided under the pilot program would expand the number of individuals accessing private sector health care providers through commercial insurance carriers or Medicaid. This would not appear to directly affect DMH funded and operated programs in a significant way. No fiscal impact.

Officials from the **Department of Health and Senior Services (DHSS)** state this proposal requires the state to seek Federal funding through a waiver to establish of a means whereby employees of small businesses may access low-cost insurance by paying premium.

DHSS states that after discussions with the bill's sponsor, the intent of the proposed language has been clarified, which is that the state would apply for a Federal waiver to access Federal funds in partial support of a low-cost insurance program for employees of small businesses. The sponsor does not intend to extend Medicaid benefits to these individuals.

DHSS assumes that the Department of Social Services (DSS) will calculate the cost of applying for the Federal waiver and the costs of premium assistance for employees of small businesses. Therefore, DHSS assumes no fiscal impact.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state Section 208.215.1 will require health insurance carriers to pay on Medicaid subrogation claims up to three years after the date of service. The increase to recoveries is unknown but greater than \$375,000. This will allow DMS to collect recoveries from health insurance carriers on claims that currently deny for timely filing, but were filed with the carrier within 3 years of date of service.

Section 208.215.7 requires health insurance plans to supply DMS with the information contained in a 270/271 Health Care Eligibility Inquiry and Response standard transaction. The increase to cost avoidance is unknown but greater than \$250,000. Currently DMS encounters difficulty obtaining this information from some health insurance plans.

ASSUMPTION (continued)

Section 208.735.2 requires the DMS to apply for waivers to establish a pilot program under the state Medicaid program to provide premium assistance to the working uninsured that is subject to appropriation. This section will not have a fiscal impact to the DMS since it is subject to appropriation.

For FY08 the total cost savings (including recoveries and cost avoidance) is unknown but greater than \$520,625 (GR \$195,651/Federal \$324,974). For FY09 and FY10 the total annual cost savings is unknown but greater than \$625,000 (GR \$234,875/Federal \$390,125).

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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GENERAL REVENUE FUND

Savings - Department of Social Services -
 DMS

Recoveries and Cost Avoidance	<u>Unknown but</u> <u>Greater than</u> <u>\$195,651</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$234,875</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$234,875</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Unknown but</u> <u>Greater than</u> <u>\$195,651</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$234,875</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$234,875</u>
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FEDERAL FUND

Savings - Department of Social Services - DMS

Recoveries and Cost Avoidance	Unknown but Greater than \$324,974	Unknown but Greater than \$390,125	Unknown but Greater than \$390,125
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Costs - Department of Social Services - DMS

Reimburse Federal Government	(Unknown but Greater than \$324,974)	(Unknown but Greater than \$390,125)	(Unknown but Greater than \$390,125)
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ESTIMATED NET EFFECT ON FEDERAL FUND

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2008 (10 Mo.)	FY 2009	FY 2010
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

This proposal require the state to apply for a waiver to access Federal funds to create a state option for employees of small businesses that do not currently provide insurance to receive low-cost insurance.

FISCAL DESCRIPTION

This legislation requires the Family Support Division within the Department of Social Services to apply for waivers from the Centers for Medicaid and Medicare Services for the purpose of increasing access to health care in Missouri, reforming the Missouri Medicaid Program, and enabling small employers and employed uninsured adults to purchase flexible health care benefit packages through a state premium assistance payment plan. Any funding received will be deposited into the Health Employee and Economy Improvement Revolving Fund.

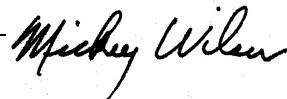
FISCAL DESCRIPTION (continued)

The provisions of this legislation will expire six years from the effective date.

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 Mental Health
Department of Insurance, Financial Institutions and Professional Registration
Office of the State Treasure



Mickey Wilson, CPA
Director
April 16, 2007