

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1470-01
Bill No.: HB 420
Subject: Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: February 9, 2007

Bill Summary: Requires health insurers to reimburse non-network emergency services in the same manner as network emergency services if the patient's medical condition prohibits transfer to a network provider.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Highway	(Could exceed \$769)	(Could exceed \$1,584)	(Could exceed \$1,631)
Road	(Could exceed \$2,851)	(Could exceed \$5,873)	(Could exceed \$6,050)
Insurance Dedicated	\$0 to \$5,000	\$0	\$0
Conservation	(Unknown exceeding \$50,000)	(Unknown exceeding \$100,000)	(Unknown exceeding \$100,000)
Total Estimated Net Effect on Other State Funds	(Unknown exceeding \$48,620)	(Unknown exceeding \$107,457)	(Unknown exceeding \$107,681)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$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 Public Safety (DPS) - Director's Office** defer to the Missouri Consolidated Health Care Plan for potential costs of this proposal to their organization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the 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 legislation does not fiscally impact the HCP.

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

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 can be transferred to an in-network facility based on their medical condition.

The DOT's plan offers one level of coverage to subscribers. The Open Access III Plan assesses a \$300 deductible to in-network and out-of-network services and applies a 10% coinsurance for in-network and 20% coinsurance for out-of-network services. A \$75 co-payment is applied to both in-network and out-of-network services 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 OAI Plan where our participants utilized an out-of-network provider for ER services. The report covered the dates between January 1, 2006 and December 31, 2006. The dollar amount of covered ER services under the Plan for this period of time was \$81,114. The Plan applied deductibles of \$5,662, 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 \$7,545 in coinsurance amounts paid by the plan for that period of time. (\$81,114 covered services - \$5,662 deductibles = \$75,452 x 10% additional coinsurance = \$7,545)

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.

ASSUMPTION (continued)

The Medical Plan's enrollment consists of 76% DOT and 24% Patrol participants. Therefore, there would be a fiscal impact of \$5,734 ($\$7,545 \times 76\%$) due to DOT participation and \$1,811 ($\$7,545 \times 24\%$) due to Patrol participation.

Historically, the DOT and the plan members have shared in any premium increase necessary because of increases in benefits. The costs may be shared between the plan, state appropriated funds, and/or costs to individuals covered under the plan. However, the Medical Plan, Missouri Highway Transportation Commission, DOT, and Patrol must make a decision on how to fund the increase.

Oversight, for fiscal note purposes, is showing costs to the Highway Fund and Road Fund for the DOT. Estimated costs for the General Revenue Fund, all other state funds, and federal funds are minimal. **Oversight** assumes the DOT could absorb those costs within existing funding levels.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** estimate approximately 100 insurers may be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department 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 (100 insurers X \$50).

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 DIFP will need to request additional staff to handle the increase in workload.

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 amount of impact is unknown, but is expected to exceed \$100,000.

Oversight notes the proposal has an effective date of January 1, 2008 for new policies issued.

This proposal may impact total state revenue.

FISCAL IMPACT - State Government

FY 2008
 (6 Mo.)

FY 2009

FY 2010

HIGHWAY FUND

Costs - Missouri Department of
 Transportation

Increase in insurance premiums

(Could exceed
\$769)

(Could exceed
\$1,584)

(Could exceed
\$1,631)

**ESTIMATED NET EFFECT ON
 HIGHWAY FUND**

(Could exceed
\$769)

(Could exceed
\$1,584)

(Could exceed
\$1,631)

ROAD FUND

Costs - Missouri Department of
 Transportation

Increase in insurance premiums

(Could exceed
\$2,851)

(Could exceed
\$5,873)

(Could exceed
\$6,050)

**ESTIMATED NET EFFECT ON
 ROAD FUND**

(Could exceed
\$2,851)

(Could exceed
\$5,873)

(Could exceed
\$6,050)

INSURANCE DEDICATED FUND

Income - Department of Insurance,
 Financial and Professional Regulation

Form filing fees

\$0 to \$5,000

\$0

\$0

**ESTIMATED NET EFFECT ON
 INSURANCE DEDICATED FUND**

\$0 to \$5,000

\$0

\$0

<u>FISCAL IMPACT - State Government</u>	FY 2008 (6 Mo.)	FY 2009	FY 2010
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CONSERVATION FUNDS

Costs - Missouri Department of
 Conservation

Increase in insurance premiums	<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
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**ESTIMATED NET EFFECT ON
 CONSERVATION FUNDS**

<u>(Unknown exceeding \$50,000)</u>	<u>(Unknown exceeding \$100,000)</u>	<u>(Unknown exceeding \$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (6 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 may impact small businesses that provide health insurance for employees if premiums were to change as a result of this proposal.

FISCAL DESCRIPTION

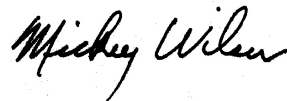
Beginning January 1, 2008, this proposal requires insurers to provide coverage for non-network emergency services in the same manner as network emergency services if the patient's medical condition prohibits him or her from being transferred to a network provider. Coverage will be provided for up to 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 Insurance, Financial and Professional Regulation
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation

NOT RESPONDING: Barton County Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Hospital and Washington County Memorial Hospital



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Director
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