

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4350-01
Bill No.: HB 1805
Subject: Drugs and Controlled Substances; Insurance - General; insurance - Medical;
Pharmacy
Type: Original
Date: February 19, 2008

Bill Summary: Allows enrollees to pay the lower of the copayment assigned by the health maintenance organization or health insurer or the usual and customary retail price of the prescription drug.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Insurance Dedicated	Up to \$5,000	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$5,000	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
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 response regarding the potential fiscal impact of this proposal on their organization.

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

Officials from the **Missouri Department of Transportation (DOT)** state the proposal will have no fiscal impact on the Missouri Highways and Transportation Commission or DOT. The legislation will also have no fiscal impact on the DOT/MHP Medical Plan (Plan), since it only applies to HMO's and health insurers and not to self-insured governmental plans.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state that currently under the HCP contract, if the co-payment amount is higher than the cost of the drug, the member pays the cost of the drug. Therefore, this proposal will have no fiscal impact on the HCP.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds since the MDC insurance plan already requires members to be charged the lower of the typical prescription drug co-payment or the actual cost of the drug.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** estimate up to 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 up to \$5,000 (up to 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.

This proposal may result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	Up to \$5,000	\$0	\$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide prescription insurance coverage for their employees if HMOs or health insurers adjust premiums as a result of this proposal.

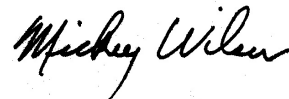
FISCAL DESCRIPTION

This proposal specifies that when the usual and customary retail price of a prescription drug is less than the co-payment applied by a health maintenance organization or health insurer, the enrollee is only required to pay the usual and customary retail price of the prescription drug.

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 Institutions and Professional Registration
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 19, 2008