

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4999-01  
Bill No.: HB 2100  
Subject: Insurance - Medical; Disabilities  
Type: Original  
Date: March 28, 2008

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Bill Summary: Requires all health benefit plans to include coverage for prosthetic devices.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>                   |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2009    | FY 2010    | FY 2011    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on<br/>General Revenue<br/>Fund</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                      |                      |            |            |
|---|----------------------|------------|------------|
| FUND AFFECTED   | FY 2009              | FY 2010    | FY 2011    |
| Insurance Dedicated   | Up to \$5,450        | \$0        | \$0        |
|   |                      |            |            |
| <b>Total Estimated<br/>Net Effect on <u>Other</u><br/>State Funds</b> | <b>Up to \$5,450</b> | <b>\$0</b> | <b>\$0</b> |

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

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

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |
|---|----------|----------|----------|
| FUND AFFECTED   | FY 2009  | FY 2010  | FY 2011  |
|   |          |          |          |
|   |          |          |          |
| <b>Total Estimated<br/>Net Effect on<br/>FTE</b>          | <b>0</b> | <b>0</b> | <b>0</b> |

☐ 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).

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2009    | FY 2010    | FY 2011    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

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## **FISCAL ANALYSIS**

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### **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 **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 Conservation (MDC)** assume the proposal will not fiscally impact MDC funds.

Officials from the **Missouri Department of Transportation (DOT)** state currently the DOT/MHP Medical Plan provides coverage for prosthetic devices for arms, legs, and eyes, except for remote control devices or devices employing robotics or computerized prostheses. The coverage include the initial purchase, fitting, necessary adjustments and supplies, and repair and replacement if deemed medically necessary.

Based on information from Meritain health, DOT's current claims administrator, the DOT's/MHP's current plan coverage meets and exceeds that allowed by Medicare's national average payment. Therefore, the DOT assumes the proposal would have no fiscal impact on the DOT or MHP. However, the DOT was unable to determine if Medicare covers computerized prosthetic devices. If so, then the DOT/MHPO would have a fiscal impact as a result of this legislation.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP currently covers prosthetic equipment that meets the basic medical need as well as replacement and repair due to normal wear and tear. Therefore, this legislation does not fiscally impact the HCP.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** state their division is affected by this legislation because of contracts with health maintenance organizations licensed by the Department of Insurance, Financial Institutions and Professional Registration.

Currently prosthetic arms and legs are covered services under the MO HealthNet program. In FY 07, one hundred thirty-one (131) patients received prosthetic arms and legs which cost \$312,043. This is approximately equal to Missouri's Medicare rates for prosthetic arms and legs. Therefore, the MHD assumes no fiscal impact.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate approximately 109 insurers would 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 \$5,450.

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.

| <u>FISCAL IMPACT - State Government</u>                     | FY 2009<br>(10 Mo.)         | FY 2010           | FY 2011           |
|---|-----------------------------|-------------------|-------------------|
| <b>INSURANCE DEDICATED FUND</b>                             |                             |                   |                   |
| <u>Income - DIFP</u>  |                             |                   |                   |
| Form filing fees  | <u>Up to \$5,450</u>        | <u>\$0</u>        | <u>\$0</u>        |
| <b>ESTIMATED NET EFFECT ON<br/>INSURANCE DEDICATED FUND</b> | <b><u>Up to \$5,450</u></b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2009<br>(10 Mo.) | FY 2010    | FY 2011    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

This proposal may impact small businesses that provide health insurance for employees if insurance premiums increase as a result of the added coverage requirement.

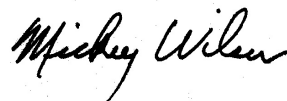
### FISCAL DESCRIPTION

This proposal requires, by January 1, 2009, all health insurance benefit plans to provide coverage for certain prosthetic devices and related services and supplies that meet minimum standards as provided under the federal Medicare Program.

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 Social Services  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



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Director  
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