

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5177-01  
Bill No.: HB 2198  
Subject: Insurance - Medical; Insurance Dept.  
Type: Original  
Date: March 5, 2008

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Bill Summary: Makes persons who have exhausted their total lifetime benefits eligible for coverage under the Missouri Health Insurance Pool.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown exceeding \$1,571,268)	(Unknown exceeding \$5,868,205)	(Unknown exceeding \$5,868,205)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$1,571,268)</b>	<b>(Unknown exceeding \$5,868,205)</b>	<b>(Unknown exceeding \$5,868,205)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> 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 Net Effect on 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>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state one provision of the proposal establishes a 50% discount for eligible enrollees with income of 250% or less of the federal poverty level. This would decrease the amount of premium collected by the pool by an estimated \$1,571,268 for the four months the law would be in effect in 2008. This is calculated by taking the projected enrollee premium of \$20,950,239 x 45%\*. That number is then halved to reflect the 50% discount in premium and multiplied by 4/12 to reflect the 4 months that the law would be in effect. This amount will be an additional assessment to pool members who then can take the increased assessment against their premium tax as a credit or offset. This credit/offset is taken against the General Revenue portion of premium tax only.

In 2009, the pool projects enrollee premium of \$26,080,913. The estimated reduction in premium is estimated to be \$5,868,205. This is calculated by taking the projected premium of \$26,080,913 x 45%, and then halved to reflect the 50% premium reduction. This amount will be an additional assessment to pool members who then can take the increased assessment against their premium tax as a credit or offset. This credit/offset is taken against the General Revenue portion of premium tax only.

The pool has made no projections for 2010 projected premium collected, but the pool assumes it will at least match 2009. Therefore the estimated reduction in premium and increase in assessment is at least expected to match 2009.

\* 45% is the percentage of enrollees that are estimated to have incomes that are 250% or less than the federal poverty level. This information is from statehealthfacts.org (the Henry Kaiser Family Foundation) and based on the Census Bureau's 2006 and 2007 population surveys.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (4 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE FUND</b>			
<u>Loss - DIFP</u>			
Increase in premium tax credit offsets	<u>(Unknown exceeding \$1,571,268)</u>	<u>(Unknown exceeding \$5,868,205)</u>	<u>(Unknown exceeding \$5,868,205)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<u><b>(Unknown exceeding \$1,571,268)</b></u>	<u><b>(Unknown exceeding \$5,868,205)</b></u>	<u><b>(Unknown exceeding \$5,868,205)</b></u>

FISCAL IMPACT - Local Government

FY 2009  
(4 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

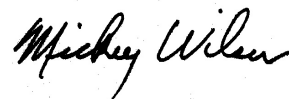
FISCAL DESCRIPTION

This proposal makes persons who have exhausted their lifetime health insurance benefits eligible for coverage under the Missouri Health Insurance Pool. In addition, for any person covered under the pool with an available income of less than 250% of the federal poverty level, a discount of 50% will apply to premium rates established by the pool.

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 Insurance, Financial Institutions and Professional Registration



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Director  
March 5, 2008