

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5491-01  
Bill No.: HB 2435  
Subject: Health Care; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: April 11, 2008

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Bill Summary:           Modifies the requirements for prompt payment of health insurance claims.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Third Party Liability	Unknown less than \$30,663	Unknown less than \$36,810	Unknown less than \$36,810
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown less than \$30,663</b>	<b>Unknown less than \$36,810</b>	<b>Unknown less than \$36,810</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
Federal	\$0*	\$0*	\$0*
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0*</b>	<b>\$0*</b>	<b>\$0*</b>

\*Income and increase in payback of recoveries less than \$64,000 annually and nets to \$0.

<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>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Department of Social Services (DOS) - Family Support Division, DOS - Legal Services Division, Missouri Consolidated Health Care Plan, Missouri Department of Transportation, Department of Insurance, Financial Institutions and Professional Registration, and Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

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 **Office of Secretary of State (SOS)** state the fiscal impact for this proposal for Administrative Rules is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **DOS - MO HealthNet Division (MHD)** this legislation increases the amount per day a health carrier is required to pay if a claim is not paid or denied within 40 processing days. Currently the amount is 50 percent of the claim amount, but not to exceed \$20 per day. This legislation changes that amount to \$100 per day. This change will increase the commercial health insurance recoveries received by the third party liability program within the MHD, but the amount is unknown. The majority of claims are paid or denied within 40 processing days. Therefore, the amount is expected to be less than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>THIRD PARTY LIABILITY FUND</b>			
<u>Income - DOS</u>			
Increase in late claim processing recoveries	<u>Unknown less than \$30,663</u>	<u>Unknown less than \$36,810</u>	<u>Unknown less than \$36,810</u>
<b>ESTIMATED NET EFFECT ON THIRD PARTY LIABILITY FUND</b>	<b><u>Unknown less than \$30,663</u></b>	<b><u>Unknown less than \$36,810</u></b>	<b><u>Unknown less than \$36,810</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DOS</u>			
Increase in late claim processing recoveries	Unknown less than \$52,637	Unknown less than \$63,190	Unknown less than \$63,190
<u>Loss - DOS</u>			
Increase in payback of recoveries	<u>(Unknown less than \$52,637)</u>	<u>(Unknown less than \$63,190)</u>	<u>(Unknown less than \$63,190)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

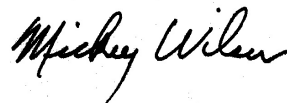
### FISCAL DESCRIPTION

If a health carrier fails to pay or deny a claim within 40 processing days from receipt, in addition to monthly interest due, the carrier must pay the claimant an amount equal to 50% of the claim not to exceed \$100 per day. Currently, the maximum amount is \$20 per day. The penalty will cease if the health carrier pays or denies the claim.

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 -  
    Family Support Division  
    Legal Services Division  
    MO HealthNet Division  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Office of Secretary of State



Mickey Wilson, CPA  
Director  
April 11, 2008