

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0462-01
Bill No.: HB 303
Subject: Insurance - Medical; Medical Procedures and Personnel
Type: Original
Date: March 9, 2009

Bill Summary: Prohibits health insurers from discriminating against any willing provider in the geographic region of the health benefit plan.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Could exceed \$789,880)	(Could exceed \$1,579,760)	(Could exceed \$1,579,760)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$789,880)	(Could exceed \$1,579,760)	(Could exceed \$1,579,760)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Other State	(Could exceed \$141,471)	(Could exceed \$282,942)	(Could exceed \$282,942)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$141,471)	(Could exceed \$282,942)	(Could exceed \$282,942)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	(Could exceed \$247,574)	(Could exceed \$495,149)	(Could exceed \$495,149)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Could exceed \$247,574)	(Could exceed \$495,149)	(Could exceed \$495,149)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	(Could exceed \$21,040)	Could exceed \$42,080)	Could exceed \$42,080)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation** and **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Public Safety (DPS) - Director's Office** state they are unable to determine the fiscal impact of this proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

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 this legislation will have not fiscal impact on the Missouri Highway Transportation Commission. The DOT/MHP plan is not a "provider" or a "health carrier" as defined within Section 376.1350, RSMo. Also, the Medical Plan does not establish the terms and conditions for participation by a provider. As a result, this legislation will have no fiscal impact on the Highway and Patrol Medical Plan.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state this legislation revises Chapter 376 which does not affect the MO HealthNet fee-for-service (FFS) program. Therefore, there will be no fiscal impact to that program.

The legislation does affect the MO HealthNet Managed Care program because it contracts with health maintenance organizations (HMOs) for the purpose of providing health care services through capitated rates. These HMOs will be subject to the regulations in this legislation.

This legislation affects the make-up of the HMO networks and also reduces the ability of the HMOs to negotiate contract terms. The cost impact will be incurred during the bidding process and when contracts are renewed. The first year cost is for an actuarial study to determine if any change is needed in the capitated rates to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services. The costs of the actuarial study depends on the complexity of the analysis and could be up to \$100,000. It is unknown how much additional cost could occur in the second and third years.

ASSUMPTION (continued)

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state most of HCP's contracts have expansive provider networks that include a majority of the providers in each geographic region. This legislation would limit HCP's contractor's ability to negotiate terms and conditions for participation. The proposal refers to "health care practitioners". HCP assumes this refers to physicians, pharmacies, therapists, nurse practitioners, etc. If this definition is intended to be more expansive, i.e. hospitals, then the resulting costs will be significantly higher.

The 2009 projected health care plan costs for "providers" is \$148,323,111 (professional costs) and \$87,461,929 (pharmacy costs) for state members, and \$2,582,899 (professional costs) and \$1,625,125 (pharmacy costs) for public entity members. Consequently, for every one percent (1%) increase in cost, the fiscal impact for the first year alone could be \$2,357,850 for the state's portion and \$42,080 for the public entity portion.

Oversight assumes the proposed changes would be effective January 1, 2010.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - DOS-MHD</u>			
Increase in program costs	(Unknown less than \$50,000)	(Unknown)	(Unknown)
<u>Costs - HCP</u>			
Increase in state employee health care costs	<u>(Could exceed \$789,880)</u>	<u>(Could exceed \$1,579,760)</u>	<u>(Could exceed \$1,579,760)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Could exceed \$789,880)</u>	<u>(Could exceed \$1,579,760)</u>	<u>(Could exceed \$1,579,760)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
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OTHER STATE FUNDS

Costs - HCP

Increase in state employee health care costs	(Could exceed \$141,471)	(Could exceed \$282,942)	(Could exceed \$282,942)
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**ESTIMATED NET EFFECT ON
OTHER STATE FUNDS**

(Could exceed \$141,471)	(Could exceed \$282,942)	(Could exceed \$282,942)
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FEDERAL FUNDS

Income - DOS-MHD

Increase in program reimbursements	Unknown less than \$50,000	Unknown	Unknown
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Costs - DOS-MHD

Increase in program payments	(Unknown less than \$50,000)	(Unknown)	(Unknown)
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Costs - HCP

Increase in state employee health care costs	(Could exceed \$247,574)	(Could exceed \$495,149)	(Could exceed \$495,149)
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**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

(Could exceed \$247,574)	(Could exceed \$495,149)	(Could exceed \$495,149)
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<u>FISCAL IMPACT - Local Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
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ALL LOCAL GOVERNMENTS

Costs - All Local Governments

Increase in employee health care costs	(Could exceed \$21,040)	(Could exceed \$42,080)	(Could exceed \$42,080)
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**ESTIMATED NET EFFECT ON ALL
LOCAL GOVERNMENTS**

**(Could exceed
\$21,040)**

**(Could exceed
\$42,080)**

**(Could exceed
\$42,080)**

FISCAL IMPACT - Small Business

This proposal could directly impact small businesses that provide employee health insurance coverage if insurers increase premiums.

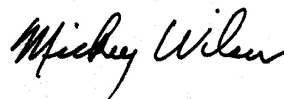
FISCAL DESCRIPTION

This proposal prohibits health insurers, the MO HealthNet Program, and the federal Medicare Program from discriminating against any Missouri health care provider, licensed pharmacy, or licensed home health care agency located within the geographic coverage area of a health benefit plan who is willing to meet the terms and conditions for participation in the plan.

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



Mickey Wilson, CPA
Director
March 9, 2009