

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3249-01
Bill No.: HB 1495
Subject: Health Care; Insurance - Medical; Insurance Dept.
Type: Original
Date: March 2, 2010

Bill Summary: Amends various requirements regarding health insurance contracts and plans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown, could exceed \$50,000)	(Unknown exceeding \$35,000)	(Unknown exceeding \$35,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown, could exceed \$50,000)	(Unknown exceeding \$35,000)	(Unknown exceeding \$35,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Other	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
Total Estimated Net Effect on Other State Funds	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
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 2011	FY 2012	FY 2013
Local Government	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation, Department of Insurance, Financial Institutions, and Professional Registration, and Missouri Department of Transportation** state the proposed legislation would not appear to have a fiscal impact on MDC funds.

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** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of the proposed legislation on their organization.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal 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 **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 proposal could limit our contractors' ability to negotiate terms and conditions for participation. The proposal refers to "health care practitioners"; the HCP assumes this refers to physicians, pharmacies, therapists, nurse practitioners, etc. If this definition is intended to be more expansive (e.g. hospitals), then the resulting costs will be significantly higher.

The 2010 projected health care plan costs for "providers" is \$161,858,823 (professional costs) and \$95,044,543 (pharmacy costs) for state members, and \$2,539,167 (professional costs) and \$1,365,349 (pharmacy costs) for public entity members. There is no way to determine the potential fiscal impact of this proposal; fiscal impact is unknown.

For fiscal note purposes only, **Oversight** is ranging HCP's costs from \$0 to Unknown since HCP doesn't know for sure whether costs will increase.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** provide the following assumptions:

Section 354.535 Drug Co-Payments - HMOs

Section 376.387 Drug Co-Payments - Health Insurers and Carriers

This language does not revise Chapter 208, RSMo. Therefore, it does not affect MO HealthNet eligibility or benefits. Pharmacy benefits were carved out of the MO HealthNet Managed Care health plans as of October 1, 2009. Therefore, these provisions also will not affect the health maintenance organizations that provide benefits to MO HealthNet participants.

Section 374.184 Uniform Health Insurance Application Forms

The language in this section requires the director of the Department of Insurance, Financial Institutions and Professional Registration to prescribe uniform application forms for group health insurance policies other than those under a group health plan for small employers governed by Sections 379.930 to 379.952. Though HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants would be affected by this legislation, it is not anticipated that these changes would create a fiscal impact that would be passed on to the MHD. Therefore, there is no fiscal impact due to this provision.

Section 376.393 Any Willing Provider

This legislation does not revise Chapter 208, RSMo; therefore, it does not affect MO HealthNet eligibility or benefits.

The MO HealthNet Division (MHD) assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

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 cost 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.

FY11: Total cost is unknown < \$100,000 (GR unknown < \$50,000)

FY12: Total cost is unknown > \$100,000

FY13: Total cost is unknown > \$100,000

Oversight assumes the provisions of this proposal will be effective January 1, 2011.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (6 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Costs - DOS/MHD</u>			
Increase in program costs	(Unknown less than \$50,000)	(Unknown greater than \$35,000)	(Unknown greater than \$35,000)
<u>Costs - HCP</u>			
Increase in state share of health care costs	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown, could exceed \$50,000)</u>	<u>(Unknown greater than \$35,000)</u>	<u>(Unknown greater than \$35,000)</u>
OTHER STATE FUNDS			
<u>Costs - HCP</u>			
Increase in state share of health care costs	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2011 (6 Mo.)	FY 2012	FY 2013
FEDERAL FUNDS			
<u>Income - DOS/MHD</u>			
Increase in program reimbursements	Unknown less than \$50,000	Unknown greater than \$65,000	Unknown greater than \$65,000
<u>Costs - DOS/MHD</u>			
Increase in program costs	(Unknown less than \$50,000)	(Unknown greater than \$65,000)	(Unknown greater than \$65,000)
<u>Costs - HCP</u>			
Increase in state share of health care costs	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2011 (6 Mo.)	FY 2012	FY 2013
LOCAL GOVERNMENTS - ALL			
<u>Costs - All Local Governments</u>			
Increase in share of health care costs	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS			
	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>
 <u>FISCAL IMPACT - Small Business</u>			

The proposal may impact small businesses that provide employee health and/or prescription insurance coverage for their employees if health insurers or HMOs adjust premiums.

FISCAL DESCRIPTION

This proposal changes the laws regarding health insurance contracts and plans.

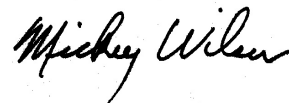
WILLING PROVIDERS OF HEALTH CARE (Section 376.393)

Health insurers, the MO HealthNet Program, and the federal Medicare Program are prohibited 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
Office of Secretary of State



Mickey Wilson, CPA
Director
March 2, 2010