

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3907-02  
Bill No.: SS for HB 1713  
Subject: Children and Minors; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: May 4, 2010

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Bill Summary: Requires all health insurance policies issued to Missouri residents after December 31, 2010, to include coverage for adopted children on the same basis as other dependents of the enrollee.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown less than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown less than \$50,000)</b>	<b>(Unknown greater than \$100,000)</b>	<b>(Unknown greater than \$100,000)</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
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 expenditures unknown greater than \$100,000 annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<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 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

HWC:LR:OD

### ASSUMPTION

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

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the legislation does not fiscally impact the HCP. HCP vendors pay the non-network provider directly unless the claim specifically notes that the patient has paid in full.

### Section 376.816

In response to an earlier version of this proposal, officials from the **Department of Social Services (DOS) - Children's Division** state the proposal does not impact their division or children adopted through their division.

In response to an earlier version of this proposal, officials from the **DOS - MO HealthNet Division (MHD)** state the proposal does not revise Chapter 208 or Chapter 376, RSMo, and therefore, will not impact the MHD.

### Section 376.427

In response to similar legislation (HB 2283, LR# 5030-01), officials from the **DOS - MHD** state this legislation does not revise Chapter 208, RSMo. Therefore, it does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The 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. If rates are increased, that would happen in the second and third years of the fiscal note but it is unknown how much they would increase. It is, however, anticipated to be unknown but greater than \$100,000 per year in General Revenue and unknown greater than \$200,000 total.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - 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 **Missouri Department of Conservation (MDC)** assume the proposed legislation would not have a fiscal impact on MDC funds since MDC's plan is self-insured and dependent coverage for adopted children is already provided.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b> (\$376.427)			
<u>Costs - DOS-MHD</u>			
Actuarial study	(Unknown less than \$50,000)	\$0	\$0
Increase in program costs	\$0	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<u>(Unknown less than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
<b>FEDERAL FUNDS</b> (\$376.427)			
<u>Income - DOS-MHD</u>			
Increase in program reimbursements	Unknown less than \$50,000	Unknown greater than \$100,000	Unknown greater than \$100,000
<u>Costs - DOS-MHD</u>			
Increase in program expenditures	<u>(Unknown less than \$50,000)</u>	<u>(Unknown greater than) \$100,000</u>	<u>(Unknown greater than) \$100,000</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2011  
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal may affect small businesses that provide health insurance coverage to employees if insurance premiums increase.

FISCAL DESCRIPTION

Under current law, health insurers are only required to issue direct payments to members of a class of providers with whom there is a direct contract. This proposal requires insurers to issue direct payments to providers of the same class with whom there is no contract (Section 376.427).

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 -

Children's Division

MO HealthNet Division

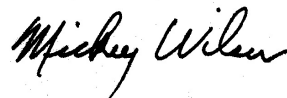
Missouri Department of Transportation

Department of Public Safety -

Missouri State Highway Patrol

Missouri Consolidated Health Care Plan

Missouri Department of Conservation



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