

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1237-06
Bill No.: HCS #2 for HB 609
Subject: Insurance - Medical; Insurance - Automobile; Medicaid; Insurance Dept.
Type: Original
Date: April 4, 2011

Bill Summary: Establishes the Show-Me Health Insurance Exchange Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services, Department of Mental Health, Missouri Consolidated Health Care Plan, Joint Committee on Administrative Rules, Missouri House of Representatives, Missouri Senate and Office of State Auditor** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Office of the Governor (GOV)** do not anticipate the GOV will incur added costs as a result of this bill. However, if additional duties are placed on the office related to appointments in other TAFP legislation, there may be the need for additional staff resources in future years.

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 this proposal on their organization.

Officials from the **Missouri Department of Transportation (MoDOT)** state according to the language, a small employer is considered an employer with an average of not more than fifty employees during the calendar year. The MoDOT and Patrol do not fall within the category of small employer, but the reference in Section 376.1160 (3) which adds “A state employee as defined in section 103.003 may select any qualified health plan or qualified health plan or qualified dental plan through the exchange” may apply. Section 103.003 states an employee is any person employed full time by the state or a participating member agency, or a person eligible for coverage by a state-sponsored retirement system or a retirement system sponsored by a participating member agency of the plan. This Section refers to the MCHCP Plan and not the MoDOT/MSHP Medical Plan, but the Medical Plan could also be considered an “eligible entity”. The proposal states that eligible entities may contract with the exchange so that employees or beneficiaries of such entities may be allowed to select qualified health plans through the exchange. If an eligible entity enters into such a contract, that entity shall not be eligible to offer a qualified health benefit plan through the Exchange. This language suggests that the Medical Plan could opt to offer its employees the option select health plans through the Exchange, but any potential impact from this portion of the bill is unknown. If the MHTC or the Patrol opt to enter such contract, the Medical Plan would no longer be needed and staff could be reduced. This could be a positive impact to MHTC.

Oversight assumes since the language of the proposal is permissive, the MHTC/MoDOT/Patrol would choose not to participate in health benefit plans offered through the exchange and therefore, assumes no fiscal impact.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state the HCS for HB 609 as proposed is not anticipated to have a fiscal impact on the direct revenues and costs of Missouri state government (no fiscal impact). Federal implementation grants are available for the establishment and procurement of the exchange and its infrastructure. Federal funding for implementation of exchanges does not require a state match and provides for incremental expenses incurred through the end of 2014.

Federal law requires that an exchange be self-sustaining by January 2015. As proposed in the bill, the Show-Me Health Insurance Exchange will charge assessments and user fees to health carriers and health benefit plans operating in Missouri to fund the exchange operation. Therefore, there will be no additional cost to the state.

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 **Office of Administration - Division of Budget and Planning (BAP)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to an earlier version of this proposal, officials from the BAP deferred to the Department of Insurance, Financial Institutions, and Professional Registration for a specific estimate of costs and/or revenues associated with this proposal.

Officials from the **Department of Social Services (DSS)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to an earlier version of the proposal, DSS officials deferred to the Department of Insurance, Financial Institutions, and Professional Registration for response regarding the potential fiscal impact of this proposal.

Officials from the **Missouri Department of Conservation and Missouri House of Representatives** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$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

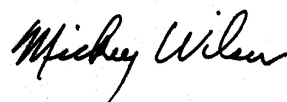
The proposed legislation appears to have no fiscal impact.

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 Mental Health
Department of Health and Senior Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Office of the Governor
Missouri Consolidated Health Care Plan
Joint Committee on Administrative Rules
Office of State Auditor
Office of Secretary of State
Missouri Senate

**NOT RESPONDING: Office of Administration - Division of Budget and Planning,
Department of Social Services, and Missouri Department of Conservation**



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