COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4965-02
Bill No.: HCS for HB 1327
Subject: Insurance - Medical; Health Care
Type: Original
Date: March 4, 2014

Bill Summary: This proposal prohibits a health benefit plan from requiring a higher out-of-pocket cost for oral chemotherapy than it requires for injected or intravenous chemotherapy.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown greater than $30,500)	(Unknown greater than $61,000)	(Unknown greater than $61,000)
Total Estimated Net Effect on General Revenue Fund	**(Unknown greater than $30,500)**	**(Unknown greater than $61,000)**	**(Unknown greater than $61,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Insurance Dedicated	Up to $5,000	$0	$0
Other State	(Unknown greater than $7,500)	(Unknown greater than $15,000)	(Unknown greater than $15,000)
Road	(Unknown greater than $50,000)	(Unknown greater than $100,000)	(Unknown greater than $100,000)
Total Estimated Net Effect on Other State Funds	**(Unknown greater than $52,500)**	**(Unknown greater than $115,000)**	**(Unknown greater than $115,00)**

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal	(Unknown greater than $12,000)	(Unknown greater than $24,000)	(Unknown greater than $24,000)
Total Estimated Net Effect on All Federal Funds	**(Unknown greater than $12,000)**	**(Unknown greater than $24,000)**	**(Unknown greater than $24,000)**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services**, the **Department of Social Services**, the **Department of Mental Health** and the **Missouri Department of Conservation** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to Department of Transportation for their fiscal impact.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the Plan covers most intravenously administered or injected cancer medications through the medical plan with an applicable deductible and coinsurance. Orally administered cancer medications are covered through the prescription drug plan with applicable copayments. Because these medications are provided under two different benefit plans and designs (deductible/coinsurance vs. copayments), the member cost for these medications is not comparable. HCP would need to adjust its plan designs to comply with this legislation.

Based on information from HCP medical and prescription drug plans, the costs of anti-cancer medications through the medical plan are similar to slightly higher than anti-cancer medications through the prescription drug plan. Slightly higher costs are associated with the administration of the drugs in doctor offices, hospitals and infusions centers through the medical plan. HCP assumes a modest increase in medications administered through the medical plan based on this legislation. The fiscal impact is unknown, greater than $100,000.

Oversight assumes the costs estimated by MCHCP would be distributed across state funds in the following percentages:

General Revenue	61% of $100,000 = $61,000
Other State Fund	15% of $100,000 = $15,000
Federal Funds	24% of $100,000 = $24,000

Oversight assumes the provisions of this proposal would become effective January 1, 2015; therefore, we will reflect six months of impact in FY 2015.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the DIFP for review along with a $50 filing fee. The number of insurance companies writing these types of policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to $5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Missouri Department of Transportation (MoDOT)** state Independent Pharmaceutical Consultants, Inc. (IPC) reviewed the legislation on behalf of the MoDOT/MSHP Medical Plan. According to IPC's review, the legislation presents a complication to the Plan. The intravenously administered cancer treatments are covered under the MoDOT medical plan with the medical plan copayment and coinsurance levels. The oral cancer agents are generally covered under the pharmacy benefit, often with maximum copayment, which differs from the medical plan levels.

It is our understanding the Plan would need to stop covering the oral cancer treatments in the prescription drug benefit and cover them only through the medical benefit, which could have some financial impact to the Plan and the member. The medical benefit is not intended to handle pharmacy claims for oral dosage forms, as intravenously administered treatments are office administered, and they do not have the same negotiated prices as in the prescription benefit. This complexity for the member seeking coverage may be a concern and could add cost to the plan and/or member.

Therefore, the proposal could have a financial impact to the plan. The impact cannot be determined based on the language provided. Based on impact to the Plan, rates may increase, which may impact the Missouri Highway Transportation Commission (MHTC). MoDOT assumes an unknown fiscal impact.

FISCAL IMPACT - State Government	FY 2015 (6 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
Costs - MCHCP Increase in state share of health care costs	(Unknown greater than $30,500)	(Unknown greater than $61,000)	(Unknown greater than $61,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**(Unknown greater than $30,500)**	**(Unknown greater than $61,000)**	**(Unknown greater than $61,000)**
INSURANCE DEDICATED FUND			
Income - DIFP From filing fees	Up to $5,000	$0	$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	**Up to $5,000**	**$0**	**$0**
ROAD FUND			
Costs - MoDOT Increase in state share of health care costs	(Unknown greater than $50,000)	(Unknown greater than $100,000)	(Unknown greater than $100,000)
ESTIMATED NET EFFECT ON ROAD FUND	**(Unknown greater than $50,000)**	**(Unknown greater than $100,000)**	**(Unknown greater than $100,000)**

FISCAL IMPACT - State Government	FY 2015 (6 Mo.)	FY 2016	FY 2017
OTHER STATE FUNDS			
Costs - MCHCP			
Increase in state share of health care costs	(Unknown greater than $7,500)	(Unknown greater than $15,000)	(Unknown greater than $15,000)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	**(Unknown greater than $7,500)**	**(Unknown greater than $15,000)**	**(Unknown greater than $15,000)**
FEDERAL FUNDS			
Costs - MCHCP			
Increase in state share of health care costs	(Unknown greater than $12,000)	(Unknown greater than $24,000)	(Unknown greater than $24,000)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**(Unknown greater than $12,000)**	**(Unknown greater than $24,000)**	**(Unknown greater than $24,000)**

FISCAL IMPACT - Local Government	FY 2015 (6 Mo.)	FY 2016	FY 2017
	$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

This proposal prohibits a health benefit plan that provides coverage for cancer chemotherapy treatment from charging a higher co-payment, deductible, or coinsurance amount to a patient for a prescribed orally administered anticancer medication than the amount the plan charges for an intravenously administered or injected cancer medication, regardless of the formulation or benefit category determination by the plan. A health insurance carrier cannot comply with this requirement by increasing the co-payment, deductible, or coinsurance amount for an intravenously administered or injected cancer medication covered under 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 Health and Senior Services
Department of Social Services
Department of Mental Health
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Department of Public Safety - Missouri Highway Patrol
Department of Transportation

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