

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0091-01  
Bill No.: HB 261  
Subject: Health Care; Physicians; Contracts and Contractors; Insurance - Medical  
Type: Original  
Date: January 7, 2015

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Bill Summary: This proposal allows for direct primary care to be provided through a medical retainer agreement between the physician and patient.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Insurance Dedicated	(\$3,568)	(\$115,355)	(\$116,567)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$3,568)</b>	<b>(\$115,355)</b>	<b>(\$116,567)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Insurance Dedicated	1	1	1
<b>Total Estimated Net Effect on FTE</b>	<b>1</b>	<b>1</b>	<b>1</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **§376.1800 - Medical retainer agreements**

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the department estimates there may be a need for contracted insurance product reviews for the influx of policy form filings anticipated upon this bill becoming law. The DIFP believes it currently has enough appropriation to cover the contracted reviews, but if the contracted reviews cost more than anticipated, the department will request additional expense and equipment appropriation. The DIFP will need one Market Conduct Examiner III (\$73,118 annually) to conduct exams on the medical retainer agreements, oversee the contract, and review any contractor work product. Finally, depending on the amount of legal work necessary, the DIFP may need to request an additional attorney FTE and would do so through the budget process after the bill became law and the amount of litigation was better known.

The DIFP estimates one-time form filing fee income to be deposited in the Insurance Dedicated Fund of \$100,000 in FY 2016. The impact on the Insurance Dedicated Fund is estimated to be a cost of \$3,568 for FY 2016; \$115,355 for FY 2017; and \$116,567 for FY 2018.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Health and Senior Services, the Department of Mental Health, the Department of Social Services, MO HealthNet Division and Division of Legal Services, the Missouri Consolidated Health Care Plan, the Missouri Department of Conservation, the Missouri Department of Transportation and the Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety, Missouri State Highway Patrol** defer to the Missouri Department of Transportation (MoDOT), Employee Benefits Section for response on behalf of the Highway Patrol. Please see MoDOT's fiscal note response for the potential fiscal impact of this proposal.

**This proposal will increase total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>INSURANCE DEDICATED FUND</b>			
<u>Income</u> - DIFP (\$376.1800)			
Form filing fees	\$100,000	\$0	\$0
<u>Costs</u> - DIFP			
Personal service	(\$60,932)	(\$73,849)	(\$74,588)
Fringe benefits	(\$31,078)	(\$37,667)	(\$38,044)
Equipment and expense	<u>(\$11,558)</u>	<u>(\$3,839)</u>	<u>(\$3,935)</u>
Total <u>Costs</u> - DIFP	<u>(\$103,568)</u>	<u>(\$115,355)</u>	<u>(\$116,567)</u>
FTE Change - DIFP	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND</b>	<b><u>(\$3,568)</u></b>	<b><u>(\$115,355)</u></b>	<b><u>(\$116,567)</u></b>
Estimated Net FTE Change on the Insurance Dedicated Fund	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

#### FISCAL IMPACT - Small Business

This proposal would have a direct positive fiscal impact on small business health care providers if they enter into medical retainer agreements with patients.

#### FISCAL DESCRIPTION

This proposal provides that health care providers may enter into a medical retainer agreement with a patient, or the patient's legal representative, to provide routine health care services to the individual patient for an agreed-upon fee and period of time. A medical retainer agreement is not considered insurance and the health care provider is not required to obtain a certificate of authority or license to market, sell, or offer to sell a medical retainer agreement. To be considered a medical retainer agreement, the agreement must: 1) be in writing, 2) be signed by the health care provider and the individual patient, or their representatives, 3) allow either party

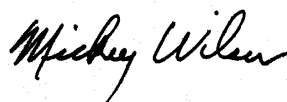
FISCAL DESCRIPTION (continued)

to terminate the agreement upon written notice, 4) describe the routine health care services that are included in the agreement, 5) specify the fee for the agreement, 6) specify the time period under the agreement, 7) prominently state that the agreement is not health insurance, and 8) prohibit the health care provider, but not the patient, from billing an insurer or other third-party payer for the services provided under the agreement. Every health carrier and health benefit plan, as defined in section 376.1350, is to consider the following as qualified medical expenses for purposes of any deductible and any maximum out-of-pocket medical expense limits under the health benefit plan, high-deductible health insurance plan, or any other health insurance plan offered in this state: 1) all direct primary care costs under the medical retainer agreement, fee-for-service costs and out-of-pocket costs incurred by a policy holder for health care services provided by a licensed medical professional and 2) any penalties imposed for failure to maintain a health insurance plan that meets the federal essential benefits coverage requirements.

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

Office of Attorney General  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Public Safety -  
    Missouri State Highway Patrol  
Department of Social Services -  
    MO HealthNet Division  
    Division of Legal Services  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of State Courts Administrator



Mickey Wilson, CPA  
Director

Ross Strobe  
Assistant Director

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