

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5131-01
Bill No.: HB 1718
Subject: Insurance - Health
Type: Original
Date: January 17, 2018

Bill Summary: This proposal modifies the law regarding health insurance adverse determination appeals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Insurance Dedicated Fund	\$10,000 - \$20,000	\$10,000 - \$20,000	\$10,000 - \$20,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$10,000 - \$20,000	\$10,000 - \$20,000	\$10,000 - \$20,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this legislation would require a health carrier to reimburse the department for all fees charged by the independent review organization (IRO) when the IRO's review of an adverse determination appeal results in a reversal of the health carrier's decision. Based upon past IRO reviews, the DIFP estimates the proposed legislation would result in the recouping of \$10,000 - \$20,000 per fiscal year to the Insurance Dedicated Fund. However, the amount could be higher or lower depending upon the actual number of review reversals.

Officials from the **Department of Health and Senior Services** and the **Missouri Consolidated Health Care Plan** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
INSURANCE DEDICATED FUND			
<u>Income</u> - DIFP	\$10,000 -	\$10,000 -	\$10,000 -
Reversal of Health Carrier's Decision recouped cost	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	\$10,000 - <u>\$20,000</u>	\$10,000 - <u>\$20,000</u>	\$10,000 - <u>\$20,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small health carrier businesses could be affected as a result of this proposal.

FISCAL DESCRIPTION

This proposal requires the Director of the Department of Insurance, Financial Institutions and Professional Registration to resolve grievances regarding adverse determinations as to covered services appealed by an enrollee or health carrier or plan sponsor. If the grievance is unresolved by the director the appeal shall be sent to an independent review organization. If such review results in a reversal of the health carrier's decision, any fees charged by the independent review organization shall be reimbursed by the health carrier to the department.

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

Ross Strope



Acting Director
January 17, 2018