

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0348-01
Bill No.: HB 245
Subject: Insurance - Health; Health Care
Type: Original
Date: April 24, 2019

Bill Summary: This proposal requires insurance companies to cover fertility preservation procedures for insureds who are at least 18 years old and are diagnosed with cancer but have not started cancer treatment.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue Fund	(Less than \$30,970)	(Less than \$61,940)	(Less than \$61,940)
Total Estimated Net Effect on General Revenue	(Less than \$30,970)	(Less than \$61,940)	(Less than \$61,940)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Other State Funds	(Less than \$7,315)	(Less than \$14,630)	(Less than \$14,630)
Insurance Dedicated Fund (0566)	\$58,500	\$0	\$0
State Road Fund	(\$117,600 to \$235,200)	(\$235,200 to \$470,400)	(\$235,200 to \$470,400)
Conservation Commission Fund	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(More than \$66,415 to (More than \$184,015)	(More than \$249,830) to (More than \$485,030)	(More than \$249,830) to (More than \$485,030)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Federal Funds	(Less than \$11,715)	(Less than \$23,430)	(Less than \$23,430)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Less than \$11,715)	(Less than \$23,430)	(Less than \$23,430)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 376.1195

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state that MCHCP does not cover the treatments listed within the proposed legislation.

According to the Alliance for Fertility Preservation, fertility preservation procedures can cost from \$10,000 to \$15,000 for women and \$500 to \$10,000 for men. In 2017, MCHCP had less than 50 state members between the ages of 18-40 undergo chemotherapy treatment. Through August, 2018, less than 30 state members have had chemotherapy treatment. Additionally, very few public entity members have had chemotherapy treatment in 2017 and 2018.

The fiscal impact of this proposed legislation is unknown, but assuming 25 percent of affected members would utilize fertility preservation procedures, and assuming a 20 percent coinsurance with the Plan paying 80 percent of the cost, the estimated fiscal impact for state members is less than \$100,000 and \$10,000 for public entity members.

Oversight has contacted MCHCP to verify that the number of state members between the ages of 18-40 that has undergone chemotherapy treatment is accurate. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Oversight notes that MCHCP has stated the proposal would have a less than \$100,000 increase in cost for state members as a result of this proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a (Less than \$61,940) cost to General Revenue, (Less than \$23,430) cost to Federal Funds and (Less than \$14,630) cost to Other State Funds, based on the following MCHCP fund splits provided by the Office of Administration.

General Revenue	61.94%;
Federal Funds	23.43%; and
Other State Funds	14.63%

Oversight assumes the proposed changes in this legislation will not take effect until the new plan year (January 2020) and therefore will only reflect 6 months of cost in FY 2020.

ASSUMPTION (continued)

Oversight also notes that MCHCP has stated the proposal would have a less than \$10,000 increase in cost for public entity members. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a (Less than \$10,000) cost to Local Political Subdivisions.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state that this bill requires companies to cover fertility treatment preservation procedures in accordance with the guidelines established by the American Society of Clinical Oncology for an insured who is at least eighteen years of age and has been diagnosed with cancer but has not started cancer treatment, including chemotherapy, biotherapy, or radiation therapy treatment. The department estimates approximately 390 companies will file one policy amendment with the department for review along with a \$150 filing fee. Additional revenue to the insurance dedicated fund is estimated to be approximately \$58,500 ($390 \times \$150 = \$58,500$)

According to a study DIFP found on the impact of legislation that was passed in Maryland, DIFP found Maryland anticipated premiums to increase between .4% and .6%.

The department does not collect specific claims data and specifically has no Missouri data relating to the coverage or non-coverage of fertility preservation procedures. However, relying upon the study identified, we can provide estimates of potential impact. Actual costs could vary considerably from this estimate because actual utilization rates are uncertain.

In looking at the impact to Average Annual Premiums (which were released in the DIFP's recent Health Insurance Report):

2017 Average Annual Premiums

Individual Market:

Small Employer: \$6,083 (increased to between \$6,326.32 and \$6,447.98)

Large Employer: \$4,561 (increased to between \$4,743.44 and \$4,834.66)

The small group estimate is based on rate filings and apply to 2019. Rates aren't filed for large group plans, so those estimates are valid for 2017 based upon written premiums, as reported by insurers.

ASSUMPTION (continued)

The proposal refers to insurance policies. That could mean any insurance product - including some property and casualty products that provide medical benefits like Auto Medical Payments, Workers' Compensation, etc. We must assume this was not intended; however, the impact would be substantially more significant if the applicability of this legislation went beyond what is considered to be major medical health plans.

The above estimate assumes that the cost of such treatments has increased at the same rate as other services since the issuance of the Maryland study and that the mandate is utilized at roughly the same proportion rate as other services.

In addition to impacts to health insurance premiums, there would be potential fiscal impact to the State of Missouri. Please see the excerpt below, from an October 23, 2018, CCIIO FAQ on Defrayal of State Additional Required Benefits:

"We remind states that, although it is the state's responsibility to identify which state required benefits require defrayal, states must make such determinations using the framework finalized at §155.170, which specifies that benefits required by state action taking place on or before December 31, 2011, may be considered EHB, whereas benefits required by state action taking place after December 31, 2011, other than for purposes of compliance with federal requirements, are in addition to EHB and must be defrayed by the state. For example, a law requiring coverage of a benefit passed by a state after December 31, 2011, is still a state mandated benefit requiring defrayal even if the text of the law says otherwise."

45 C.F.R 155.170 requires states to defray the cost of additional required benefits mandated on or after January 1, 2012. In order to comply with this requirement, states must identify these "in addition to" benefits, and make payments directly to enrollees or to QHP issuers on behalf of individuals. Each QHP issuer is required to quantify the cost associated with each additional required benefit. The QHP issuer's calculation of the cost must be based on generally accepted actuarial principles and methodologies, determined by a member of the American Academy of Actuaries, and be reported to the State.

Oversight will reflect an increase in revenue to the Insurance Dedicated Fund (0566) of \$58,500 (\$150 x 390) in FY 2020.

ASSUMPTION (continued)

Officials from the **Department of Transportation (MoDOT)** assume pricing for proposed HB 245 at \$0.70 - \$1.40 per member per month range since the bill states insurance companies may limit coverage to certain ages and/or one procedure per lifetime. This is mandate pricing and does not reflect the group-specific makeup of MODOT (e.g. if they are more/less prone to cancer than the average population, etc.)

MoDOT's insurance plan has approximately 28,000 members. The fiscal impact for this proposal is an increase in cost of \$19,600 ($\$0.70 \times 28,000$) to \$39,200 ($\$1.40 \times 28,000$) per month.

Oversight notes that MoDOT has stated the proposal would have a range of cost of \$19,600 to \$39,200 per month on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will range the cost to the State Road Fund as (\$235,200 to \$470,400) annually as a result of this proposal.

Officials from the **Missouri Department of Conservation (MDC)** assume an unknown negative fiscal impact due to not knowing how many insureds in the Conservation Employees' Benefits Plan would potentially use the coverage.

Oversight notes that the MDC has stated the proposal would have an unknown fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will an unknown cost to the Conservation Commission Fund as a result of this proposal.

Officials from the **Office of Administration** defer to the Missouri Consolidated Health Care Plan to estimate the fiscal impact of the proposed legislation on their respective organization.

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the DHSS has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this agency.

Oversight assumes health insurance rates for local political subdivisions not utilizing MCHCP may increase as well from this proposal. Therefore, Oversight will reflect an unknown cost to those political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (6 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost - MCHCP</u> Fertility preservation procedures plan cost (§376.1195)	(Less than <u>\$30,970</u>)	(Less than <u>\$61,940</u>)	(Less than <u>\$61,940</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Less than <u>\$30,970</u>)	(Less than <u>\$61,940</u>)	(Less than <u>\$61,940</u>)
FEDERAL FUNDS			
<u>Cost - MCHCP</u> Fertility preservation procedures plan cost (§376.1195)	(Less than <u>\$11,715</u>)	(Less than <u>\$23,430</u>)	(Less than <u>\$23,430</u>)
ESTIMATED NET EFFECT TO FEDERAL FUNDS	(Less than <u>\$11,715</u>)	(Less than <u>\$23,430</u>)	(Less than <u>\$23,430</u>)
OTHER STATE FUNDS			
<u>Cost - MCHCP</u> Fertility preservation procedures plan cost (§376.1195)	(Less than <u>\$7,315</u>)	(Less than <u>\$14,630</u>)	(Less than <u>\$14,630</u>)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	(Less than <u>\$7,315</u>)	(Less than <u>\$14,630</u>)	(Less than <u>\$14,630</u>)

FISCAL IMPACT - State Government
 (continued)

FY 2020
 (6 Mo.)

FY 2021

FY 2022

**INSURANCE DEDICATED FUND
 (0566)**

<u>Revenue - DIFP</u>	<u>\$58,500</u>	<u>\$0</u>	<u>\$0</u>
\$150 Filing Fee (§376.1195)			

ESTIMATED NET EFFECT TO THE INSURANCE DEDICATED FUND	<u>\$58,500</u>	<u>\$0</u>	<u>\$0</u>
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STATE ROAD FUND

<u>Cost - MoDOT</u>	(\$117,600 to	(\$235,200 to	(\$235,200 to
Fertility preservation procedures plan	<u>\$235,200)</u>	<u>\$470,400)</u>	<u>\$470,400)</u>
cost (§376.1195)			

ESTIMATED NET EFFECT TO THE STATE ROAD FUND	<u>(\$117,600 to</u>	<u>(\$235,200 to</u>	<u>(\$235,200 to</u>
	<u>\$235,200)</u>	<u>\$470,400)</u>	<u>\$470,400)</u>

**CONSERVATION COMMISSION
 FUND**

<u>Cost - MDC</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Fertility preservation procedures plan			
cost (§376.1195)			

ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020 (6 Mo.)	FY 2021	FY 2022
LOCAL POLITICAL SUBDIVISIONS			
Cost Political subdivisions - (not through MCHCP) - Fertility preservation procedures plan cost (\$376.1195)	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - Political subdivisions through MCHCP - Fertility preservation procedures plan cost (\$376.1195)	(Less than <u>\$5,000</u>)	(Less than <u>\$10,000</u>)	(Less than <u>\$10,000</u>)
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

Small business annual premiums could increase as a result of this proposal.

FISCAL DESCRIPTION

This bill requires insurance companies to cover fertility preservation procedures for insureds who are at least 18 years old and are diagnosed with cancer but have not started cancer treatment. Coverage shall include embryo, oocyte, and sperm cryopreservation procedures.

Any entity or individual who states in writing that methods of embryo, oocyte, and sperm cryopreservation procedures are contrary to the entity or individual's moral, ethical, or religious beliefs the carrier may issue a policy or rider thereto that excludes coverage for such methods.

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
Missouri Consolidated Health Care Plan
Department of Health and Senior Services
Office of Administration
Department of Transportation
Missouri Department of Conservation



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April 24, 2019

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