

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3872H.011  
 Bill No.: HB 2034  
 Subject: Insurance - Health; Health Care; Disabilities  
 Type: Original  
 Date: February 25, 2026

Bill Summary: This proposal creates provisions relating to insurance coverage of orthotic, prosthetic, and assistive devices.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(Unknown, could exceed \$3,821,104)	(Unknown, less than \$4,725,695)	(Unknown, Less than \$5,023,795)
<b>Total Estimated Net Effect on General Revenue</b>	(Unknown, could exceed \$3,821,104)	(Unknown, less than \$4,725,695)	(Unknown, less than \$5,023,795)

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Other State Funds	(Unknown, less than \$74,250)	(Unknown, less than \$74,250)	(Unknown, less than \$74,250)
State Road Fund (1320)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown, less than \$324,250)</b>	<b>(Unknown, less than \$324,250)</b>	<b>(Unknown, less than \$324,250)</b>

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Funds (MCHCP/DSS)	(Unknown, less than \$10,700,157)	(Unknown, less than \$13,662,853)	(Unknown, less than \$14,579,937)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown, less than \$10,700,157)</b>	<b>(Unknown, less than \$13,662,853)</b>	<b>(Unknown, less than \$14,579,937)</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§208.152 - 376.1234 – Insurance coverage of orthotic, prosthetic, and assistive devices

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** note that MCHCP is not a health care plan under the definition of 376.1350, therefore, this legislation would not apply to MCHCP using that definition. However, section 104.801 requires MCHCP to follow any law which mandates coverage of specific health benefits, services, or providers. Since this legislation does mandate benefits, services, or providers it would apply to MCHCP.

The potential fiscal impact of HB 2034 is unknown but less than \$500,000.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the fiscal impact to MCHCP as estimated as follows:

General Revenue – Less than \$319,200 (63.84%)  
Federal Funds – Less than \$106,550 (21.31%)  
Other Funds – Less than \$74,250 (14.85%)  
Total – Unknown, less than \$500,000

Officials from the **Department of Social Services (DSS)** assume this legislation repeals sections 208.152 and 376.1232 and adds five new sections relating to insurance coverage of orthotic, prosthetic, and assistive devices. This would cover all medically necessary DME for everyone allowing adults to have coverage for the procedure codes that are currently only covered for children. This legislation also would allow for users of a wheelchair to have coverage for a second, manual wheelchair as a backup.

The MO HealthNet Division (MHD) identified 2,182 adults who are currently enrolled in MHD Fee-for-Service who would be eligible for additional DME coverage, at an average cost of \$1,867.96 per participant. MHD also identified 399 adults that would be eligible for a manual backup wheelchair. The average cost of a backup wheelchair is \$1,876.49.

This legislation would also result in an impact to the Managed Care capitation rates up to \$12 million. The cost of the actuarial study to evaluate this program change would be no more than \$25,000 in the first year.

MHD assumes a start date of September 1, 2027, to allow time for setup and implementation, therefore DSS used 10 months of the yearly total. A 6.765% medical inflation rate was used for FY 28.

FY 27 Total: \$14,045,511 (GR: \$3,451,904; Federal: \$10,593,607)

FY28 Total: \$17,962,798 (GR: \$4,406,495; Federal: \$13,556,303)

FY29 Total: \$19,177,982 (GR: \$4,704,595; Federal: \$14,473,387)

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated fiscal impact in the fiscal note for this agency.

Officials from the **City of Kansas City** assume the proposed legislation may have a negative fiscal impact of an indeterminate amount.

**Oversight** assumes this legislation could have a negative fiscal impact on all local health benefit plans depending on what their health plans currently cover and what this legislation would require therefore, Oversight will reflect an Unknown cost to local political subdivisions.

Officials from the **Missouri Department of Transportation (MoDOT)** assume the MoDOT-MSHP medical plan anticipates a minor unknown impact for the additional mandates proposed by this bill. The plan currently covers prosthetic devices, orthotic appliances, and replacements based on medical necessity.

**Oversight** will reflect the cost to the State Road Fund (1320) as Unknown, less than \$250,000.

Officials from the **Department of Commerce and Insurance (DCI)** note the Affordable Care Act (ACA) requires all non-grandfathered individual and small group health plans to cover a core set of healthcare services within 10 essential health benefit (EHB) categories. In 2012, Missouri, like other states, adopted a benchmark plan that defined the core benefits these plans must offer in the state. The benchmark plan was updated in 2017, based on a plan that was sold in 2014. Missouri has not made any further updates to its EHB benchmark plan. The ACA also requires that the cost of a new coverage mandate added by a state after adoption of its benchmark plan that is above and beyond the EHB benchmark will be the responsibility of the state.

45 C.F.R 155.170 requires states to defray the cost of additional required benefits mandated by a state on or after January 1, 2012. States may require qualified health plans to offer benefits in addition to essential health benefits. States will identify which state-required benefits are in addition to the EHB and must make payments to defray the cost of additional benefits either to enrollees in qualified health plans or directly to the qualified health plans, on behalf of their enrollees.

Documentation provided by the U. S. Department of Health and Human Services, Center for Consumer Information & Insurance Oversight (CCIIO) in October 2018 instructed states as follows:

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.

This proposal revises an existing law that requires health carriers to offer coverage for orthotics, prosthetics, and assistive devices to require health carriers provide such services, creating a new benefit mandate. As a result, the state may be required to defray the actuarial cost of the new coverage requirement and make payments either to issuers or beneficiaries to negate potentially increased premiums as a result of the new benefit. DCI does not know the increased utilization that may result from the provisions of this proposal if enacted. As a result, there is a zero to unknown negative impact to General Revenue.

In 2011, the Missouri General Assembly enacted section 376.1190, which states that “any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the oversight division of the joint committee on legislative research. The oversight division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted.

The department believes the costs of this bill can be absorbed within current appropriations. However, should the cost exceed the anticipated amount, the department would request an increase to FTE and/or appropriations as appropriate through the budget process.

Officials from the DCI assume the cost of the proposal can be absorbed. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In 2011, the Missouri General Assembly enacted section 376.1190, which states, “any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the oversight division of the joint committee on legislative research. The oversight division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted.”

The customary process for an actuarial analysis involves Oversight contracting with an outside firm who will request experience data from the largest insurance carriers in the State of Missouri. Since current law (§376.1190) requires any “proposed” mandate receive an actuarial analysis, the timing may not allow for such in-depth reviews. In 2013 Oversight contracted with a company to perform an actuarial analysis for Senate Bill 262, Senate Bill 159, and Senate Bill 161. Due to the timing of the analysis, the company noted requesting outside data was not possible. This

limited analysis in 2013 cost almost \$25,000. Given the cost increases over the last ten years, the varying degree of available information to the outside firm and the potential for more in-depth analysis if the information and timing allow, we can easily assume that a current analysis “could exceed \$50,000”.

The **Oversight Division** does not currently have the appropriation to cover the costs of an actuarial analysis and would need to request such additional funding through the budget process.

Officials from the **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

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

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – MCHCP (§§208.152 - 376.1234) New Insurance Coverage p.3</u>	(Unknown, less than \$319,200)	(Unknown, less than \$319,200)	(Unknown, less than \$319,200)
<u>Cost – DSS (§§208.152 - 376.1234) New Insurance Coverage p.3-4</u>	(\$3,451,904)	(\$4,406,495)	(\$4,704,595)
<u>Cost – Oversight Division (§§208.152 - 376.1234) Actuarial Analysis p.6</u>	(Could exceed \$50,000)	\$0	\$0
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>(Unknown, could exceed \$3,821,104)</b>	<b>(Unknown, less than \$4,725,695)</b>	<b>(Unknown, less than \$5,023,795)</b>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>FEDERAL FUNDS</b>			
<u>Cost – MCHCP (§§208.152 - 376.1234)</u> New Insurance Coverage p.3	(Unknown, less than \$106,550)	(Unknown, less than \$106,550)	(Unknown, less than \$106,550)
<u>Cost – DSS (§§208.152 - 376.1234)</u> New Insurance Coverage p.3-4	(\$10,593,607)	(\$13,556,303)	(\$14,473,387)
<b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>	<b>(Unknown, less than \$10,700,157)</b>	<b>(Unknown, less than \$13,662,853)</b>	<b>(Unknown, less than \$14,579,937)</b>
<b>OTHER STATE FUNDS</b>			
<u>Cost – MCHCP (§§208.152 - 376.1234)</u> New Insurance Coverage p.3	(Unknown, less than \$74,250)	(Unknown, less than \$74,250)	(Unknown, less than \$74,250)
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b>(Unknown, less than \$74,250)</b>	<b>(Unknown, less than \$74,250)</b>	<b>(Unknown, less than \$74,250)</b>
<b>STATE ROAD FUND (1320)</b>			
<u>Cost – MoDOT (§§208.152 - 376.1234)</u> New Insurance Coverage p.4	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)	(Unknown, less than \$250,000)
<b>ESTIMATED NET EFFECT TO THE STATE ROAD FUND</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>	<b>(Unknown, less than \$250,000)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVSIONS</b>			
<u>Cost – (§§208.152 - 376.1234) New Insurance Coverage p.4</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVSIONS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT – Small Business

A direct fiscal impact on small business health insurance plans could be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal creates provisions relating to insurance coverage of orthotic, prosthetic, and assistive devices.

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 Commerce and Insurance  
 Department of Public Safety - Missouri Highway Patrol  
 Department of Social Services  
 Missouri Department of Conservation  
 Missouri Department of Transportation  
 Oversight Division  
 Missouri Consolidated Health Care Plan  
 City of Kansas City



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