

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1031-01
Bill No.: SB 349
Subject: Health Care; Insurance - Medical; Medical Procedures and Personnel
Type: Original
Date: February 13, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Insurance Dedicated	\$8,000	\$0	\$0
Highway Fund - MoDOT	(Unknown)	(Unknown)	(Unknown)
Patrol Highway Fund	(Unknown)	(Unknown)	(Unknown)
Other State Funds	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)
Total Estimated Net Effect on Other State Funds	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS
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FUND AFFECTED	FY 2004	FY 2005	FY 2006
Federal Funds	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)	(Unknown expected to exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Missouri Department of Conservation (MDC)** state this proposed legislation would not appear to have a fiscal impact on MDC funds.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** defer to the Department of Transportation for response regarding the fiscal impact of the proposal on the MHP.

Officials from the **Department of Transportation (DOT)** state this proposal will have no fiscal impact on the Missouri Highway Transportation Commission. Section 104.801, RSMo, would require the Highway & Patrol Medical Plan to provide similar coverage. Currently, the Medical Plan does not provide coverage for phases I & II of a clinical trial for cancer. As a result, this proposal would have a fiscal impact on the Highway & Patrol Medical Plan.

ASSUMPTION (continued)

Assuming that health carriers are required to cover the costs of services in phases I & II of

clinical trials for cancer manufacturers, and distributors or providers of the drugs or devices would no longer pay for any of the related costs, this proposal would have a significant impact on the Medical Plan. Without knowing the types of drugs, devices or services that would be necessary to administer the drugs, or how many individuals would participate, it is impossible to determine the fiscal impact to the Medical Plan.

Historically, the department and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the department (commission) must make a decision on what portion they will provide. Until the commission makes a decision, DOT can only provide the cost to the medical plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state many insurers believe that requiring the medical plan to cover clinical trials for cancer and other life threatening conditions could result in an increase in the plan's financial risk. Since the treatments may vary and only a few providers would be able to administer the treatments, the cost has the potential to become significant. To reduce the risk, the plan may transfer these additional costs to the members through an increase of premium.

In contrast, some current research suggests that the cost of clinical trials may not significantly differ from that for standard cancer treatment. One study observed a clinical trial cost difference, as compared to standard cancer treatment, ranging from -10% to 23%. However, some of these studies only focused on Phase II and Phase III trials.

Forecasting the consequential financial impact of mandatory coverage of phase I-IV cancer trials is extremely difficult and therefore, the potential impact of this proposal is unknown.

Oversight assumes unknown costs would be expected to exceed \$100,000 annually.

Officials from the **Department of Insurance (INS)** state the INS estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the INS for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000

ASSUMPTION (continued)

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 amendments and review,

the department will need to request additional staff to handle the increase in workload.

This proposal will result in an increase in Total State Revenue

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

Costs - Missouri Consolidated Health
 Care Plan

Increase in contributions	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>
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INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON
 INSURANCE DEDICATED FUND**

<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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HIGHWAY FUND - MoDOT

Costs - Department of Transportation

Increase in contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON
 HIGHWAY FUND - MoDOT**

(Unknown)

(Unknown)

(Unknown)

PATROL HIGHWAY FUND

Costs - Department of Transportation

Increase in contributions

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON
 PATROL HIGHWAY FUND**

(Unknown)

(Unknown)

(Unknown)

OTHER STATE FUNDS

Costs - Missouri Consolidated Health
 Care Plan

Increase in contributions

(Unknown
expected to
exceed
\$100,000)

(Unknown
expected to
exceed
\$100,000)

(Unknown
expected to
exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 OTHER STATE FUNDS**

(Unknown
expected to
exceed
\$100,000)

(Unknown
expected to
exceed
\$100,000)

(Unknown
expected to
exceed
\$100,000)

FISCAL IMPACT - State Government

FY 2004
 (10 Mo.)

FY 2005

FY 2006

FEDERAL FUNDS

Costs - Missouri Consolidated Health
 Care Plan

Increase in contributions

(Unknown
expected to
exceed
\$100,000)

(Unknown
expected to
exceed
\$100,000)

(Unknown
expected to
exceed
\$100,000)

**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006

ALL POLITICAL SUBDIVISIONS

Costs - All Political Subdivisions

Increase in contributions	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>
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**ESTIMATED NET EFFECT ON ALL
 POLITICAL SUBDIVISIONS**

<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>	<u>(Unknown expected to exceed \$100,000)</u>
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FISCAL IMPACT - Small Business

Small businesses could be expected to be fiscally impacted to the extent they incur increased health insurance premiums as a result of the requirements of this proposal.

DESCRIPTION

This proposal requires health insurance companies to provide coverage for routine patient care costs incurred as the result of phase I or II clinical trials undertaken to treat cancer. Currently, Section 376.429, RSMo, requires coverage for phases III or IV only.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

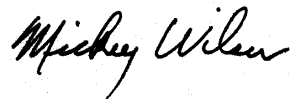
SOURCES OF INFORMATION

Department of Transportation

HW-C:LR:OD (12/02)

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Department of Social Services
Department of Public Safety -
Missouri Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 13, 2003