

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1032-01  
Bill No.: SB 350  
Subject: Health Care; Insurance - Medical; Medical Procedures and Personnel  
Type: Original  
Date: February 11, 2003

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**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |                                         |                                         |                                         |
|-----------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2004</b>                          | <b>FY 2005</b>                          | <b>FY 2006</b>                          |
| General Revenue                                           | (Unknown to exceeding \$210,328)        | (Unknown to exceeding \$210,328)        | (Unknown to exceeding \$210,328)        |
|                                                           |                                         |                                         |                                         |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>(Unknown to exceeding \$210,328)</b> | <b>(Unknown to exceeding \$210,328)</b> | <b>(Unknown to exceeding \$210,328)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>       |                                        |                                        |                                        |
|--------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| <b>FUND AFFECTED</b>                                   | <b>FY 2004</b>                         | <b>FY 2005</b>                         | <b>FY 2006</b>                         |
| Insurance Dedicated                                    | \$8,000                                | \$0                                    | \$0                                    |
| Other State Funds                                      | (Unknown to exceeding \$34,554)        | (Unknown to exceeding \$34,554)        | (Unknown to exceeding \$34,554)        |
|                                                        |                                        |                                        |                                        |
| <b>Total Estimated Net Effect on Other State Funds</b> | <b>(Unknown to exceeding \$26,554)</b> | <b>(Unknown to exceeding \$34,554)</b> | <b>(Unknown to exceeding \$34,554)</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS                         |                                        |                                        |                                        |
|---------------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| FUND AFFECTED                                                 | FY 2004                                | FY 2005                                | FY 2006                                |
| Federal Funds                                                 | (Unknown to exceeding \$55,587)        | (Unknown to exceeding \$55,587)        | (Unknown to exceeding \$55,587)        |
|                                                               |                                        |                                        |                                        |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>(Unknown to exceeding \$55,587)</b> | <b>(Unknown to exceeding \$55,587)</b> | <b>(Unknown to exceeding \$55,587)</b> |

| ESTIMATED NET EFFECT ON LOCAL FUNDS |                                        |                                        |                                        |
|-------------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| FUND AFFECTED                       | FY 2004                                | FY 2005                                | FY 2006                                |
| <b>Local Government</b>             | <b>(Unknown to exceeding \$29,131)</b> | <b>(Unknown to exceeding \$29,131)</b> | <b>(Unknown to exceeding \$29,131)</b> |

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Missouri Department of Conservation** assume this proposal will not fiscally impact their organization.

Officials from the **Department of Social Services** state the tests referred to in this proposal are currently Medicaid covered services. Therefore, the proposal will have no fiscal impact to their organization.

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** state because the proposal requires coverage for only those individuals who have had a diagnosis or reoccurrence and the Medical Plan currently covers these procedures, there would be no fiscal impact to the Medical Plan.

ASSUMPTION (continued)

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state according to the National Cancer Institute, about 16% of males 50 and older will be diagnosed in their lifetime. HCP currently insures 9,690 males age 50 and older under the state plan and 714 males age 50 and older under the public entities.

By mandating this coverage, insurance companies may face charges of \$255 or higher per test. (This amount is arrived at Medicare's regional allowable amount of \$189.90 plus the professional component of \$42. This total is multiplied by 10% to determine a conservative HMO allowable amount.) The total cost of the test for 16% of our targeted population could run \$395,352 for our state population and \$29,131 for the Public Entity population. (Note: This is a maximum exposure for this test as it assumes all these members will still be covered under our plan when diagnosed.) Health carriers would recoup this cost through premiums (the state's cost would be approximately 76% of the total cost). However, since there is no way to estimate how many will actually be diagnosed in each year, the cost of this bill is unknown.

This bill also covers this test when there is an elevated PSA. This would add some additional costs. However, for the same reason, it is difficult to estimate the actual cost.

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.

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**

FISCAL IMPACT - State Government

FY 2004  
(10 Mo.)

FY 2005

FY 2006

**GENERAL REVENUE FUND**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in contributions

(Unknown to  
 exceeding  
 \$210,328)

(Unknown to  
 exceeding  
 \$210,328)

(Unknown to  
 exceeding  
 \$210,328)

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

Unknown to  
 exceeding  
 (\$210,328)

Unknown to  
 exceeding  
 (\$210,328)

Unknown to  
 exceeding  
 (\$210,328)

**INSURANCE DEDICATED FUND**

Income - Department of Insurance

Policy form filing fees

\$8,000

\$0

\$0

**ESTIMATED NET EFFECT ON  
 INSURANCE DEDICATED FUND**

\$8,000

\$0

\$0

**OTHER STATE FUNDS**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in contributions

(Unknown to  
 exceeding  
 \$34,554)

(Unknown to  
 exceeding  
 \$34,554)

(Unknown to  
 exceeding  
 \$34,554)

**ESTIMATED NET EFFECT ON  
 OTHER STATE FUNDS**

(Unknown to  
 exceeding  
 \$34,554)

(Unknown to  
 exceeding  
 \$34,554)

(Unknown to  
 exceeding  
 \$34,554)

FISCAL IMPACT - State Government

FY 2004  
(10 Mo.)

FY 2005

FY 2006

## **FEDERAL FUNDS**

### Costs - Missouri Consolidated Health Care Plan

|                           |                                        |                                        |                                        |
|---------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Increase in contributions | <u>(Unknown to exceeding \$55,587)</u> | <u>(Unknown to exceeding \$55,587)</u> | <u>(Unknown to exceeding \$55,587)</u> |
|---------------------------|----------------------------------------|----------------------------------------|----------------------------------------|

### **ESTIMATED NET EFFECT ON FEDERAL FUNDS**

|                                        |                                        |                                        |
|----------------------------------------|----------------------------------------|----------------------------------------|
| <u>(Unknown to exceeding \$55,587)</u> | <u>(Unknown to exceeding \$55,587)</u> | <u>(Unknown to exceeding \$55,587)</u> |
|----------------------------------------|----------------------------------------|----------------------------------------|

### FISCAL IMPACT - Local Government

FY 2004  
(10 Mo.)

FY 2005

FY 2006

## **ALL POLITICAL SUBDIVISIONS**

### Costs - All Political Subdivisions

|                           |                                        |                                        |                                        |
|---------------------------|----------------------------------------|----------------------------------------|----------------------------------------|
| Increase in contributions | <u>(Unknown to exceeding \$29,131)</u> | <u>(Unknown to exceeding \$29,131)</u> | <u>(Unknown to exceeding \$29,131)</u> |
|---------------------------|----------------------------------------|----------------------------------------|----------------------------------------|

### **ESTIMATED NET EFFECT ON ALL POLITICAL SUBDIVISIONS**

|                                        |                                        |                                        |
|----------------------------------------|----------------------------------------|----------------------------------------|
| <u>(Unknown to exceeding \$29,131)</u> | <u>(Unknown to exceeding \$29,131)</u> | <u>(Unknown to exceeding \$29,131)</u> |
|----------------------------------------|----------------------------------------|----------------------------------------|

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## DESCRIPTION

This proposal modifies the mandated coverage for prostrate examinations by including bone scans and prostrate antibody imaging to be used on any nonsymptomatic man for whom there was an earlier diagnosis and on any patient that has an above normal prostrate specific antigen.

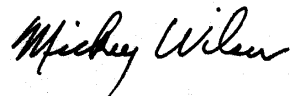
## DESCRIPTION (continued)

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



Mickey Wilson, CPA  
Director  
February 11, 2003