COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

# FISCAL NOTE

L.R. No.: 0817-10
Bill No.: HCS for SS for SCS for SB 306
Subject: Department of Social Services; Health Care; Health, Public; Insurance-Medical
Type: Original
Date: May 11, 2009

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Bill Summary: This legislation establishes the Show-Me Health Coverage plan to provide health care coverage through the private insurance market to low-income working individuals.

This legislation changes various laws to comply with the Health Insurance Portability and Accountability Act.

This legislation establishes requirements for transparency of health care information and patient safety.

This legislation establishes the Evan de Mello Reimbursement Program to provide financial assistance for the cost of transportation and ancillary services with the medical treatment of an eligible child.

This legislation modifies the health care for uninsured children program.

This legislation enacts provisions relating to health care technology.

This legislation modifies provisions regarding MO HealthNet's authority to collect payment from third party payers.

This legislation requires the establishment of MO HealthNet data transparency program. This program has a six-year sunset clause.

This legislation allows enrollees to pay the lower of the copayment assigned by the health maintenance organization or health insurer or the usual and customary retail price of the prescription drug.

This legislation modifies the requirements for health insurance applications.

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 60 pages.

Bill Summary (continued):

This legislation prohibits health insurers from imposing any co-payment or co-insurance, or combination thereof, that exceeds 50% of the total cost of providing the health care service to an enrollee.

This legislation prohibits a health carrier from denying reimbursement for diagnostic imaging services based solely on a provider's specialty or professional board certification.

This legislation requires the State of Missouri to comply with the federal COBRA provisions regarding continuation of group health insurance coverage after termination of employment.

This legislation modifies several provisions of laws relating to health insurance.

## FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| General Revenue | (Unknown but Greater than $22,186,624) | (Unknown but Greater than $38,687,173) | (Unknown but Greater than $55,000,796) |
| | | | |
| **Total Estimated Net Effect on General Revenue Fund** | **(Unknown but Greater than $22,186,624)** | **(Unknown but Greater than $38,687,173)** | **(Unknown but Greater than $55,000,796)** |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| FRA Fund | ($6,498,413) | ($10,972,889) | ($14,603,047) |
| Third Party Liability Fund* | Unknown but Greater than $358,449 | Unknown but Greater than $358,449 | Unknown but Greater than $358,449 |
| Road Fund | (Unknown, could exceed $320,618) | (Unknown, could exceed $574,570) | (Unknown, could exceed $574,570) |
| Health Care Technology Fund | ($400,000) | $0 | $0 |
| Insurance Dedicated Fund | ($141,994) | ($62,459) | ($64,049) |
| Foreign Stock/County Stock Fund** | $0* | $0* | $0* |
| Missouri Health Insurance Pool Fund | (Unknown but Greater than $500,000) | (Unknown but Greater than $500,000) | (Unknown but Greater than $500,000) |
| Other State Funds | (Unknown exceeding $16,000) | (Unknown exceeding $24,000) | (Unknown exceeding $24,000) |
| **Total Estimated Net Effect on Other State Funds** | **(Unknown but Greater than $7,518,576)** | **(Unknown but Greater than $11,775,469)** | **(Unknown but Greater than $15,407,217)** |

*Oversight assumes cost will exceed savings.
**Unknown savings and losses net to $0.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| Federal | (Unknown could exceed $28,000) | (Unknown could exceed $42,000) | (Unknown could exceed $42,000) |
| | | | |
| **Total Estimated Net Effect on All Federal Funds** | **(Unknown could exceed $28,000)** | **(Unknown could exceed $42,000)** | **(Unknown could exceed $42,000)** |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| General Revenue | 4.92 FTE | 5.38 FTE | 5.84 FTE |
| Federal | 1.08 FTE | 1.62 FTE | 2.16 FTE |
| Insurance Dedicated | 1 FTE | 1 FTE | 1 FTE |
| **Total Estimated Net Effect on FTE** | **7 FTE** | **8 FTE** | **9 FTE** |

☒ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| **Local Government** | **(Unknown)** | **(Unknown)** | **(Unknown)** |

## FISCAL ANALYSIS

ASSUMPTION

***Section 143.111:***

Officials from the **Missouri Consolidated Health Care Plan, Department of Social Services, Department of Insurance, Financial Institutions and Professional Registration,** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective agencies.

In response to a similar proposal from this year (HB 229), officials from the **Department of Revenue** and the **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

***Sections 191.015, 191.1005-191.1010, 197.550-197.586:***

Officials from the **Department of Conservation** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Insurance, Financial Institutions & Professional Registration** assume the Department estimates up to 90 insurers and 22 HMOs (2007 supplemental data reports) would be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a $50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be $5,600. 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 reviews the department will need to request additional staff to handle increase in workload.

The duties described in section 191.1010 will be handled by current insurance market conduct examination staff.

ASSUMPTION (continued)

Officials from the **Department of Public Safety** are unable to determine the fiscal impact and defers to Missouri Consolidated Health Care Plan.

Officials from the **Missouri Consolidated Health Care Plan** assume the proposal would have no fiscal impact on their agency.

Officials from the **Missouri State Highway Patrol (MSHP)** states the Department of Highways and Transportation (DHT) will be responding on behalf of the MSHP.

**Oversight** notes that the DHT did not respond on behalf of MSHP and assume no fiscal impact.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** state this section establishes an act to be known as the Missouri Patient Privacy Act. The Act defines and addresses patient privacy concerns and prohibits disclosures of health related information without written consent by the patient; exceptions for specific entities are defined.

The DMH assumes no fiscal impact associated with this section of proposed legislation.

ASSUMPTION (continued)

Section 191.1005 defines "insurer" to include the state of Missouri and requires significant data collection around quality and performance measures. DMH understands that both the Department of Health and Senior Services and Department of Social Services assumed they would be required to collect and report on quality and performance measures and estimated costs associated with this provision. Provisions contained in this legislation will create additional work for DMH in preparing reports (shifting demographics study). These costs cannot be quantified.

Therefore, DMH assumes a cost of greater than $100,000 for a contract to meet the standards established in Section 191.1005 through 191.1010.

Officials from the **Department of Health and Senior Services (DHSS)** state the following:

Section 191.1008: This section requires DHSS to investigate complaints of alleged violations of this section by any person or entity other than a health carrier. If the complaint were against an individual, DHSS would have no authority. These complaints would need to be handled by the Board of Healing Arts or the Board of Nursing. Complaints against an entity could also include types of health care settings that are not currently under the regulatory charge of DHSS such as physician's offices, clinics, etc. The violations referred to in this section do not seem to be clinical or regulatory in nature. Instead, they appear to be concerned more with data disclosure.

This legislation would require the Department to promulgate rules for the processes for conducting the investigations and levying fines authorized by law.

It is unknown how many complaints of alleged violations will be received by the Department. Depending upon the increase in workload, additional staff may be required.

DHSS is not able to determine how many complaints would be received that would require investigation; therefore we are unable to determine the fiscal impact of this section.

**Oversight** assumes a fiscal impact of Unknown but Greater than $100,000.

Officials from the **Department of Social Services** state the following:

*Performance Reports/Quality Health Standards Section 191.1005.1-2*:
This section will have a fiscal impact to the MO HealthNet Division (MHD). MHD will have costs for a contractor to collect, compile, evaluate and compare the quality of care data. The cost for a contractor is unknown, but greater than $250,000. FY10 is $208,333.

ASSUMPTION (continued)

*Section 191.1005.2(20) Medical Claims Data:*
This section allows health carriers to use data collected from medical claims, health care providers or other sources including the Centers for Medicare and Medicaid Services (CMS) and other entities. Health carriers are prohibited from entering into contracts that limit the use of medical claims data to payment of claims or otherwise preclude health carriers from responding to the public's need for comparative cost, quality, and efficiency information, or other performance information on health care services and providers. Health carriers may use claims and contracted rate data to report on cost, quality and efficiency consistent with the patient charter or other nationally recognized standards such as those issued by the National Committee for Quality Assurance.

It is assumed that this section applies to the MHD because Section 191.1005.1(2) includes in the definition of "insurer" the state of Missouri when rendering health care services under a medical assistance program.

MHD further assumes that any request made for data under this section would have to comply with all federal and state confidentiality requirements. If the data requested is not readily available the MHD would incur expenses in obtaining, compiling and reporting the data or those tasks would be contracted to their fiscal agent. It is assumed that the MHD or their fiscal agent would charge entities that request the data and that they would be reimbursed.

*Section 191.1008 Quality Data*:
This section requires anyone who sells or distributes public health care quality and cost efficiency data to identify the source of the measure used. No fiscal impact to the MHD.

*Section 197.550 to 197.586 Patient Safety and Reportable Events*:
This legislation requires hospitals to report each reportable incident to a patient safety organization and to the Department of Health and Senior Services (DHSS). Since this primarily involves the hospital and the Department of Health and Senior Services, it will not have a fiscal impact on the MO HealthNet Division.

Total Cost: FY10 Unknown >$208,333 ($104,166.50 GR); FY11 Unknown >$250,000 ($125,000GR); FY12 Unknown >$250,000 ($125,000GR)

***Section 191.940:***

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain

ASSUMPTION (continued)

amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services (DSS) - Mo HealthNet Division (MHD)** indicated there would be no fiscal impact to the DSS. MHD already provides certain transportation and ancillary services to MO HealthNet participants. Any services provided by Department of Health and Senior Services or Department of Mental Health under this program would be in addition to the services covered by MO HealthNet or would be for children who are not eligible for MO HealthNet. Therefore, there is no fiscal impact, positive or negative, to MHD.

Officials from the **Department of Mental Health (DMH)** states the DMH does not know how many children would need this type of transportation or how frequently they would need the transportation, so DMH assumes the fiscal impact is unknown cost greater than $100,000 to DMH General Revenue.

Officials from the **Department of Health and Senior Services (DHSS)** estimates that an additional three FTE will be needed in order to establish this program:

- One Public Health Consultant Nurse (range 31, level H, $49,104) to perform the following duties: develop the application and review process for program eligibility; perform the administration of the program; review the clinical material submitted by the physicians; prepare and respond to program inquiries; prepare program materials and website information; analyze statistics and prepare reports to upper management, other agencies and the public; and supervise the Health Program Rep III and Office Support Assistant positions.

- One Health Program Rep III (range 24, level G, $37,296) to perform the following duties: assist the Public Health Consultant Nurse in the development of the rules and the

ASSUMPTION (continued)

development of the application and review process for the program implementation; assist in the administration of the program; assist in responding to program inquiries; assist in the preparation of program materials and website information; assist in analyzing program statistics and preparation of reports to upper management, other agencies, and the public.

- One Office Support Assistant - keyboarding (range 9, level E, $21,984) to perform the following duties: provide support to both the PHCN and HPR III; perform general clerical functions such as typing, establishing and maintaining all program records, filing, phone support, etc.

The Department is unsure of the number of children that would qualify for the program; therefore the actual number of individuals that would be eligible for assistance is unknown. The proposed legislation states that the per-recipient dollar cap on benefits under the program "shall not be less than five thousand dollars per recipient". The Department is unable to estimate how much the reimbursement costs will be. The Department estimates 1,103,908 children under 350% FPL in Missouri. Should even 20 children reach this level of service, the Department would reach a service cost of $100,000. Therefore, DHSS estimates an unknown cost, greater than $100,000.

Expenses that would be considered unknown include: Postage >100 pieces; Overnight mailings; Printing (brochures, posters, pamphlets); Advertising services/costs; Promotional items; Program Distributions; Professional Services; Service Contracts; Computer Consultant Services; Legal consultants/services; and Medical/dental consultant services.

Staff costs to administer the program are estimated at $187,322 in FY 2010, $205,112 in FY 2011, and $211,264 in FY 2012. In addition, the Department estimates an unknown cost in excess of $100,000 for program costs; therefore the DHSS estimates a fiscal impact of ($287,322 to Unknown) for FY 2010, ($305,112 to Unknown) for FY 2011, and ($311,264 to Unknown) for FY 2012.

**Oversight** assumes the DHSS could absorb a one Office Support Assistant FTE. Oversight has, for fiscal note purposes only, changed the starting salary for the DHSS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

ASSUMPTION (continued)

***Sections 191.1127 & 191.1130:***

Officials from the **Department of Mental Health** assume These sections of the proposed legislation adds language for follow-up care, procedures for dealing with premature infants, home nursing visits and educational materials as needed for certain at-risk newborns.

The DMH assumes no fiscal impact associated with these sections of proposed legislation.

Officials from the **Department of Social Services** assume since this section will require the MHD to examine and improve hospital discharge and follow-up procedures and to establish on-going quality improvement for newborns there will be a fiscal impact however the cost is unknown at this time.

***Sections 191.1200-191.1271:***

Officials from the **Department of Conservation**, **Missouri Consolidated Health Care Plan**, **Missouri House of Representatives**, **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Public Safety** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Missouri State Highway Patrol (MSHP)** states the Department of Highways and Transportation (DHT) will be responding on behalf of the MSHP.

ASSUMPTION (continued)

In response to a similar proposal from this year (SB 149), officials from the **Department of Highways and Transportation** state Section 191.1265 of the proposed legislation states that "beginning July 1, 2010, all health carriers, as defined under 376.1350 RSMo, shall reimburse services provided through telehealth in the same manner they would reimburse a standard office visit or consultation by the provider or specialist. The Department of Social Services shall promulgate rules for the MO HealthNet program consistent with the provisions of this section." This suggests that telehealth visits will be treated the same as office visits regarding reimbursement. Provided this applies to the MoDOT/MSHP Medical Plan, it is unclear how this would effect the MoDOT/MSHP Medical Plan, as it is difficult to estimate how many telehealth services will be provided and the costs associated.

Officials from the **Department of Mental Health (DMH)** state these sections of the proposed legislation address the general assembly appropriating $400,000 to the Department of Social Services for the purpose of awarding a grant to implement a web-based pilot project designed to collaborate private and public sectors as an alternative to nonemergency use of the hospital emergency room. There are numerous definitions and explanations of telehealth.

The DMH assumes no fiscal impact associated with these sections of proposed legislation.

Section 191.1265 - contained in this section indicates all health carriers shall reimburse services provided through telehealth in the same manner as a standard office visit.

The DMH assumes an unknown cost fiscal impact associated with this proposed legislation.

Officials from the **Department of Health and Senior Services (DHSS)** states Section 191.1271 requires the DHSS to promulgate quality control rules and regulations to be used in removing and improving the services of telehealth practitioners. The Department assumes that the Division of Regulation and Licensure (DRL) would have a significant role in these activities. There is no way to determine how many telehealth practitioners there would be if the legislation were to pass. Therefore, DRL is unable to estimate how many additional staff would be needed in order to comply with telehealth requirements; however it is assumed it would result in costs greater than $100,000.

Officials from the **Department of Social Services** states the fiscal impact for this Section 191.1200.1 will be a one-time cost of $400,000 as stated in the legislation.

Section 191.1250 to 191.1271: The MHD currently provides telehealth services so there will not be any additional impact for services.

ASSUMPTION (continued)

The MHD is required to promulgate rules that will comply with the provision (Section 191.1265.1) that states that telehealth services will be reimbursed in the same manner as standard office visits or consultations. Currently, MHD pays for these services differently than for standard office visits and consultations. It is assumed that rules will be promulgated that will comply with this section and that the result will not fiscally impact the MHD.

***Section - Show-Me Health Coverage Plan:***

Officials from the **Office of Administration-Administrative Hearing Commission**, **Missouri Consolidated Health Care Plan**, **Missouri House of Representatives**, **Department of Insurance, Financial Institutions & Professional Registration**, **Department of Conservation**, **Department of Labor and Industrial Relations** and the **Missouri Senate** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** assume this legislation would establish a health insurance plan to provide coverage to low income, working individuals. It is not known how many individuals would be affected or what services they might receive through the insurance plan. The DMH assumes some consumers may qualify for the plan therefore

ASSUMPTION (continued)

projected savings are unknown. The provisions of this plan are subject to funds of the United States appropriated by Congress to be provided to the state on the basis of a state plan or waiver.

The proposed sections of legislation defines significant break in coverage and adds individuals who exhaust their maximum health benefits to those eligible for coverage under the health insurance pool. Also the legislation defines individuals ineligible for the pool insurance. An insurance provider is required to notify an individual who has exhausted 85% of their total lifetime benefits of the existence of the health insurance pool. Specific programs designed to assist the uninsurable and lower income individuals in accessing the health insurance pool.

The DMH assumes a fiscal impact of an unknown savings greater than $100,000. It is not known how many individuals would be affected or what services they might receive through the insurance plan.

Overall, DMH assumes the savings is unknown but greater than $100,000.

Officials from the **Department of Health and Senior Services (DHSS)** assumes the Department of Social Services (DSS) will calculate the fiscal impact associated with determining eligibility under the new requirements, the cost of services for the new group of eligible recipients, and the cost of any administrative hearings regarding denial of eligibility. DHSS, Division of Senior and Disability Services (DSDS) has utilized estimates from the DSS, Family Support Division to determine the fiscal impact. DSS plans to phase in implementation over several years, beginning in FY 2010.

**FY 2010:**
Estimate of Additional Eligibles
DSS estimates approximately 23,614 individuals would be eligible under "Show-me Health Coverage." Section 208.1306.2.(17) of the proposed legislation lists personal care as one of the covered services. Of those eligible for the coverage, based on U.S. Census data, DSDS estimates 2,725 (11.54 percent) would be eligible for Home and Community Based Services (HCBS) program. Therefore, DSDS estimates 341 additional individuals (12.52 percent of those eligible) will utilize these services in FY 2010 based on current usage patterns by Medicaid-eligible individuals.

Estimated Costs
As of June 30, 2008, caseloads for the DSDS Social Service Workers (SSW) averaged approximately 210 per FTE ((46,255 In-Home + 11,258 Consumer-Directed + 7,373 RCF)/308 FTE). Pursuant to Section 660.021, RSMo, the Caseload Standards Advisory Committee

ASSUMPTION (continued)

recommended that caseloads should be no more than 80 per worker. The Division would request additional staff in an effort to reduce average caseloads to at least 100 per SSW.

Keeping with the previous request to reduce caseloads to 100 per worker, DSDS will require 3.5 SSW FTE to case manage the new eligibles as a result of this legislation (341 clients/100 = 3.41). SSW duties include the responsibility for investigation of hotlines, eligibility determination and authorization of state-funded in-home services, and care plan management.

**FY 2011:**
DSS estimates an additional 15,262 eligibles. DSDS anticipates approximately 220 eligibles will utilize services in FY 2011 resulting in the need for an additional two SSW.

**FY 2012:**
DSS estimates an additional 15,625 eligibles. DSDS anticipates approximately 226 eligibles will utilize services in FY2012 resulting in the need for an additional 2.50 SSW.

Standard per FTE expense and equipment costs are included in this fiscal estimate. The blended Federal participation rate of 46 percent GR and 54 percent Federal was applied to this cost estimate for Personal Services and Expense and Equipment.

**Oversight** notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures.

**Oversight** has, for fiscal note purposes only, changed the caseload for the DHSS positions to the current caseload of 210 clients per FTE. Therefore, DHSS will need 2 SSW FTE in FY10, 1 additional SSW FTE in FY11 and 1 additional SSW FTE in FY12.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the DHSS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

This section of the proposed legislation requires DHSS to prepare a written publication containing information related to premature births. The educational publication would be developed by an existing Public Health Consultant Nurse in DCPH, Bureau of Genetics and Healthy Childhood. Information would be gathered from various sources including the Internet and a book "The Essential Guide for Parents of Premature Babies" by Dana Wechsler Linden et al. This would be at no cost to the DHSS. Assistance in the review of the educational

ASSUMPTION (continued)

publication would be elicited, at no charge to the DCPH, from the March of Dimes, neonatologists at the four Children's Hospitals in Missouri, and other healthcare providers involved in the care of premature infants. In addition, DCPH could also review publications from various venues and ask for permission to duplicate and/or add additional information to these publications while giving credit to the developer.

There were 10,612 infants born prior to 37 weeks gestation in Missouri in 2007. For fiscal note purposes it is estimated that the DCPH would print 14,000 two-color educational publications annually at a cost of $0.21 each for a total of $2,940.

**Oversight** assumes DHSS could absorb the $2,940 printing costs.

Officials from the **Missouri State Highway Patrol (MSHP)** assume that the Patrol will have employees who fall within the income limits (based on federal poverty guidelines) that are detailed in this legislation. MSHP assume those employees will have an option of being covered by the Show Me Health plan, and that some will choose that option. It also appears that the federal government will at least help fund the new coverage, so it is assumed that the state's contribution to their coverage will not remain as it is now (could increase, could decrease). It also appears that new health savings accounts will be implemented, and the state may be mandated to help fund them. The Patrol assumes that this will all have an impact on the amount that the state contributes to employees' health insurance, but without further information, that impact will be unknown.

Officials from the **Department of Social Services - Division of Legal Services (DLS)** assume since the Department will be making determinations as to income and other eligibility factors that these persons will be given a right to a hearing if they do not agree with the decision. Since this legislation includes this program in section 208, appeals would be under 208.080 and the administrative hearings unit would be responsible for the hearings. The estimated amounts of participants are as below.

ASSUMPTION (continued)

| **Type of Participant** | **Full-Year Estimated Participants** | **Implementation Date** |
|---|---|---|
| Custodial Parents Under 50% of FPL | 8,700 | 7/1/2009 |
| Custodial Parents 50% to 75% of FPL | 3,815 | 7/1/2010 |
| Custodial Parents 75% to 100% of FPL | 3,906 | 7/1/2011 |
| Noncustodial Adults Under 75% of FPL | 5,654 | 7/1/2012 |
| Noncust. Adults Under 75 to 100% of FPL | 3,608 | 7/1/2012 |
| Adults from 100% to 125% of FPL | 5,945 | 7/1/2013 |
| Adults from 125% to 150% of FPL | 7,418 | Subject to Approp. |
| Adults from 150% to 200% of FPL | 11,391 | Subject to Approp. |
| Adults from 200% to 225% of FPL | 4,376 | Subject to Approp. |
| Transitional Coverage | 767 | Varies |

DLS estimates that 10% of participants request hearings on an annual basis.

It is assumed that a benefits hearing officer can handle 900 hearings per year. It is assumed that there would be no impact in FY10, as these cases are not new to FSD/MHD, as they are parents on open children's cases. The number of hearings in FY11 and FY12 can be handled by the current staff. FY13 is when there would be a fiscal impact to hearings of one hearing officer. It is assumed that by full implementation in FY17, a fiscal impact of 2 hearing officers.

It is also assumed that any rulemaking that would need to be done would be handled by MHD and should be reflected in their fiscal note.

Officials from the **Department of Social Services - Family Support Division (FSD)** state the following:

These sections would allow participants to be eligible for Show Me Health Coverage under a Federal Section 1115 of the Social Security Act waiver. The participants must meet the eligibility criteria for the health insurance pool as well as income and other eligibility requirements as described in Section 2 of the bill.

Based on information the Research and Evaluation Unit provided from the MO HealthNet for Kids (MHK) program and 2007 Census Bureau, and if funds were appropriated to cover this at 100%, the Family Support Division (FSD) has estimates there would be 219,257 individuals meeting the income and other eligibility requirements described in Section 2 of the bill. The FSD estimates that 25% or 54,814 of these individuals will meet the health insurance pool eligibility requirements and therefore be new participants for this program. These participants would be phased in based on appropriation.

ASSUMPTION (continued)

The FSD fiscal note is based on determining the income eligibility only. The health insurance pool will be responsible for providing and maintaining health care accounts.

PHASE I

The first phase would provide health care for 8,700 custodial parents with income up to 50% of the federal poverty level (FPL). The number of eligibles was determined as follows. FSD estimates that 34,800 custodial parents known to FSD meet the income and other requirements of the Show-me Health Coverage Plan. FSD estimates that 25% of these individuals would meet the additional eligibility requirements of the health insurance pool. This reduces the 34,800 to 8,700 individuals (34800 x .25).

These are individuals already known to FSD as their children are currently receiving MO HealthNet benefits. FSD would not see an increase in caseload size due to these participants. FSD would incur a mailing cost of $3,132.00 ($0.36 bulk mail rate per letter x 8,700) to notify the custodial parents of the program and offer them a chance to enroll.

FSD is deferring to OA-ITS to include FAMIS programming costs in their fiscal note response.

PHASE II

The second phase would provide health care for 3,816 working custodial parents in households with earned income and total income up to 75% of the FPL. The number of eligibles was determined as follows. FSD estimates that 15,262 custodial parents known to FSD meet the income and other requirements of the Show-me Health Coverage Plan. FSD estimates that 25% of these individuals would meet the additional eligibility requirements of the health insurance pool. This reduces the 15,262 to 3,816 individuals (15262 x .25).

These are individuals already known to FSD as their children are currently receiving MO HealthNet benefits. FSD would not see an increase in caseload size due to these participants. FSD would incur a mailing cost of $1,373.76 ($0.36 bulk mail rate per letter x 3816) to notify the custodial parents of the program and offer them a chance to enroll.

PHASE III

The third phase would provide health care for 3,906 working custodial parents in households with earned income and total income up to 100% of the FPL. The number of eligibles was determined as follows. FSD estimates that 15,625 custodial parents known to FSD meet the income and other requirements of the Show-me Health Coverage Plan. FSD estimates that 25% of these individuals would meet the additional eligibility requirements of the health insurance pool. This reduces the 15,625 to 3,906 individuals (15625 x .25).

ASSUMPTION (continued)

These are individuals already known to FSD as their children are currently receiving MO HealthNet benefits. FSD would not see an increase in caseload size due to these participants. FSD would incur a mailing cost of $1,406.16 ($0.36 bulk mail rate per letter x 3,906) to notify the custodial parents of the program and offer them a chance to enroll.

In subsequent phases, FSD will need to add staff to process applications for new eligibles. Unlike custodial parents in the first three phases, these individuals will be new applicants who were not previously eligible for assistance.

FSD assumes that even though enrollment may be limited by appropriation, the health insurance pool has to know who is eligible in order to offer them the coverage required. Therefore FSD would continue to receive and process applications to make that determination even after the maximum enrollment has been reached.

Officials from the **Department of Social Services - Information Technology Services Division (ITSD)** states ITSD is anticipating a 2% increase in CPU, storage and other related mainframe and server-based costs associated with State Data Center operations for FAMIS resulting from the addition of the Show-me Health Care population. Current monthly SDC charges for FAMIS operations averages about $275,000 per month. Assuming implementation date of Sept. 1, 2009:

$275,000 * 2% = $5,500 per month -- 10 months in production in FY 2010 so FY10 cost = $55,000. FAMIS funding split - 76% GR, 24% Federal. GR expenditure would amount to $41,800 and Federal expenditure would be $13,200.

$275,000.00 * 2% = $5,500 per month or $66,000 per year in FY11 and continuing. GR expenditure would be $50,160 and Federal expenditure would be $15,840.

Additionally, the use of a staggered implementation for the population would require expenditures through 2016 for software development.

Total Development and Implementation Costs for FAMIS:

6,180 hours X $89/hour consultant rate = $550,020
Match rate is 76% GR and 24% Federal
FAMIS cost = $418,015.20 GR, $132,040.80 Federal

Total Development and Implementation Costs for MO HealthNet Systems:

2,030 hours X $75.00/hour consultant rate = $152,250
Match rate is 50% GR and 50% Federal
MO HealthNet cost = $76,125 Federal and $76,125 GR.

ASSUMPTION (continued)

Officials from the **Department of Social Services - MO HealthNet Division** assume this legislation provides health care coverage for adults up to 225% of the federal poverty level (FPL). This includes the following types of participants:

| **Type of Participant** | **Full-Year Estimated Participants** | **Implementation Date** | |
|---|---|---|---|
| Custodial Parents Under 50% of FPL | 8,700 | 7/1/2009 | State Plan |
| Custodial Parents 50% to 75% of FPL | 3,815 | 7/1/2010 | State Plan |
| Custodial Parents 75% to 100% of FPL | 3,906 | 7/1/2011 | State Plan |
| Noncustodial Adults Under 75% of FPL | 5,654 | 7/1/2012 | Fed Waiver |
| Noncustodial Adults 75% to 100% of FPL | 3,608 | 7/1/2013 | Fed Waiver |
| Adults from 100% to 125% of FPL | 5,945 | Sub to appr. | Fed Waiver |
| Adults from 125% to 150% of FPL | 7,418 | Sub to appr. | Fed Waiver |
| Adults from 150% to 200% of FPL | 11,391 | Sub to appr. | Fed Waiver |
| Adults from 200% to 225% of FPL | 4,376 | Sub to appr. | Fed Waiver |
| Transitional Coverage | 767 | Varies | Fed Waiver |

Custodial parents below 100% of the FPL were determined from the number of parents who had earned income with children covered by MO HealthNet for Kids. The remaining participants are based on 2007 Census Bureau estimates of the number of uninsured in Missouri that were working. Approximately 53% of the uninsured are estimated to be non-custodial adults. To determine the number of non-custodial adults below 100% of the FPL, the Census Bureau estimate of working uninsured below 100% of the FPL was multiplied by 53%. The other categories of adults are based on actual Census Bureau estimates for each of the percent of poverty ranges. We further assumed that 80% of the estimated participants would enroll in the first year of eligibility. Total participants estimated at 55,582 for full implementation. If first year implementation of custodial parents was 100% of FPL, we estimate 16,422 participants with a SFY-2010 program cost of $170.6 million.

The bill provides for transitional benefits for participants in the program once their income is above 225% of FPL. This benefit is afforded to those participants without a break in services at the same premium rates established under the bill. Costs were included to recognize a transitional benefit for participants up to 225% of FPL as participants are phased-in in accordance with the estimated enrollment schedule. It was assumed that 2% of current participants would be in transition after 12 months of coverage. Of this amount 70% were assumed to be below 225% of FPL and costs are included in the fiscal note. The remaining 30% would be above 225% of FPL and no costs are included.

ASSUMPTION (continued)

**Calculation of Costs**
Costs are based on a distribution of claims by size of claim. Average claim amounts for each distribution group were multiplied by the percentage distribution and the number of estimated participants. Additional costs for pregnancy-related services are recognized for pregnant women between 185% and 225% of FPL. Pregnant women below 185% of FPL are covered by MO HealthNet. Claim amounts were reduced to reflect the provision of preventive care to the participant. The bill allows for the first $500 of preventive care to be provided at no cost to the participant. We used the average claim amount of $253 from the claim grouping "less than $500". It was assumed due to the low cost, these claims represented preventive care. It was further assumed that on average, not all participants would use the full $500 and the $253 represented a good estimate of preventive care.

An example of the calculation using the $500 to $1,000 non-pregnant women claim group (highlighted in the following table) follows:

1. People in this group had 11.71% of all claims.
2. The average claim for this group was $799.
3. When reduced by the cost of preventive care, the remaining cost of $546 was multiplied by each participant's group.
4. This means the formula is: 23,614 custodial parents x 11.71% x $546 = $1,509,519 in cost to be shared between the insured and the state/federal governments. The total per member per year cost is $3,896, or $325 per month. Below are the costs by claim group used:

ASSUMPTION (continued)

| Size of the Claim | % of Claims in Cost Group* | Average Annual Claims per Group | Cost of Preventive Care Paid by State/Federal Governments | Net Cost to be shared by Insured & State/Federal Governments |
|---|---|---|---|---|
| Less than $500 | 39.73% | $253 | ($253) | $0 |
| $500 - $1,000 | 11.71% | $799 | ($253) | $546 |
| $1,000 - $2,500 | 22.42% | $1,790 | ($253) | $1,537 |
| $2,500 - $5,000 | 7.33% | $3,833 | ($253) | $3,580 |
| $5,000 - $10,000 | 11.79% | $8,623 | ($253) | $8,371 |
| $10,000 - $15,000 | 3.28% | $14,999 | ($253) | $14,746 |
| $15,000 - $20,000 | 1.12% | $20,236 | ($253) | $19,983 |
| $20,000 - $25,000 | 0.70% | $25,878 | ($253) | $25,626 |
| $25,000 - $50,000 | 1.42% | $36,759 | ($253) | $36,507 |
| $50,000 - $75,000 | 0.25% | $73,589 | ($253) | $73,336 |
| $75,000 and over | 0.24% | $161,077 | ($253) | $160,824 |

* Distribution different for eligibility groups that include pregnant women benefits.

The table above represents the average uninsured adult. The participants in this program would be defined as only those eligible for the health insurance pool as defined sunder sections 376.960 to 376.991, RSMo. Based on the increased level of services and risk it is estimated that these participants will cost two and one-half times the cost of the average uninsured adult or $10,387 in SFY-2010 for a non-pregnant adult.

**Distribution of Costs between Insured and State/Federal Governments**

All adults are required to contribute to a Health Savings Account based on the individual's annual income range. If the participant's required contribution is less than the amount required to cover deductibles or co-pays, the state and federal governments will make up the difference. The contribution by the participant is based on the lowest percentage of poverty for each group. See the table below for participant contribution amounts. (The contribution by the adults below 100% of FPL is based on 50% of FPL.) Individual contributions have been adjusted by the federal Consumers Price Index (CPI) to reflect the adjustment to the poverty level each year. For purposes of this fiscal note the average of the last three year's CPI (3.30%) was used. The maximum contribution to the health care account in the first year is $1,000 per year. For each year thereafter, the $1,000 account will also be adjusted by the CPI. If the participant's required contribution is less than the $1,000 maximum (or the maximum as adjusted by CPI), the state and federal governments will make up the difference. The contribution by the participant is

ASSUMPTION (continued)

based on the lowest percentage of poverty for each group. See the table below for participant contribution amounts in the first year.

Group 1: Custodial Parents-No Contribution
Group 2: Non-Custodial Adults-1% of Annual Income @ 50%
Group 3: Adults Between 100% and 125% FPL-2% of Annual Income @ 100%
Group 4: Adults Between 125% and 150% FPL-3% of Annual Income @ 125%
Group 5: Adults Between 150% and 200% FPL-4% of Annual Income @ 150%
Group 6: Adults Between 200% and 225% FPL-5% of Annual Income @ 200%

| **Family Size** | **Group 1** | **Group 2** | **Group 3** | **Group 4** | **Group 5** | **Group 6** |
|---|---|---|---|---|---|---|
| 1 | $25 | $54 | $217 | $406 | $650 | $1,000 |
| 2 | $25 | $73 | $291 | $546 | $874 | $1,000 |
| 3 | $25 | $92 | $366 | $687 | $1,000 | $1,000 |
| 4 | $25 | $110 | $441 | $827 | $1,000 | $1,000 |
| 5 | $25 | $129 | $516 | $967 | $1,000 | $1,000 |
| 6 | $25 | $148 | $591 | $1,000 | $1,000 | $1,000 |
| 7 | $25 | $166 | $665 | $1,000 | $1,000 | $1,000 |
| 8 | $25 | $185 | $740 | $1,000 | $1,000 | $1,000 |

If the calculation exceeds $1,000 only $1,000 is shown. The contribution by the non-custodial adults below 100% is based on 50% of FPL

Calculations were based on a family size of 2. An adult in the 100% to 125% of FPL group would be expected to pay on average $291 per year. The cost of health services (after providing preventive care) are paid for by the participant up to the $291 in this example. Costs above that amount would be paid by the state and federal governments.

**Total Cost**
All estimated costs are subject to appropriation and are shown at estimated implementation dates. The estimated total costs will range from $0 (no appropriated funding) to the costs estimated in this document. The total cost for the insured and the state/federal governments is presented in the table below. Costs are shown cumulatively based on the implementation dates including 6.65% inflation per year. The inflation is based on the Center for Medicare and Medicaid National Health Expenditure Index. The following take-up rates were used 1) custodial parents below 100%--100% take-up, 2) non-custodial adults below 100%--85% take-up and 3) all other categories-65% take-up.

ASSUMPTION (continued)

| | **FY10** | **FY11** | **FY12** |
|---|---|---|---|
| Insured's cost | $315,671 | $542,314 | $732,634 |
| General Revenue | $19,283,240 | $35,852,428 | $52,019,377 |
| FRA | $6,498,413 | $10,972,889 | $14,603,047 |
| Federal Share | $46,193,928 | $83,898,626 | $119,369,826 |
| **Total Cost** | **$72,291,252** | **$131,266,257** | **$186,724,885** |

Total Cost for FY13 is $266,672,916; FY14 is $338,947,340 and FY15 is $372,422,229.

The cost to the insured has been reduced by the amount of SCHIP premium collections. The bill allows the insured to reduce the contribution to the Health Care Account by payments made to MO HealthNet, SCHIP and Medicare. This will require the offset for the SCHIP premiums to be paid by the state. No payments were considered for MO HealthNet or Medicare. The cost of the insured has also been adjusted to recognize the federal 5% of income cost sharing limit. When determining the annual contribution to the health care account there were three scenarios considered: 1) the household has one adult, 2) the household has two adults and one adult is uninsured, and 3) the household has two adults and both are uninsured. For the first two categories the 5% limit is not applicable. However, for households with two uninsured adults, two separate contributions to the health care account would, in some cases, exceed the federal 5% limit. The cost estimate assumes 32.1% of the working uninsured with a health care account are in a household of one. For households with two adults, 39.6% had one uninsured adult. In 28.3% of the households, both adults were uninsured. The distribution of two-adult households is based on a 1996 Census Bureau medical expenditure panel survey (MEPS).

The DSS shall promote the plan and provide information to potential eligible individuals. MHD assumes that there will be administrative costs associated with promoting the plan and providing information to potential participants. MHD assumes that the administrative costs will be subject to appropriation and that those costs will be borne by the MHD. These administrative costs are unknown at this time.

The MHD will incur costs to establish a quality review process to establish consumer protection standards, to receive participant grievances and appeals, and to create reports regarding performance and consumer experience and cost. MHD will also incur costs to apply for the Section 1115 demonstration waiver with the requirements set forth in the bill. MHD estimates that these requirements will cost about $500,000 annually.

This legislation requires the same rate of reimbursement for similar services provided by physicians, optometrists, podiatrists, and psychologists for services provided to MO HealthNet participants. Currently physicians and podiatrists under the MO HealtNet program do get reimbursed the same for similar services.

ASSUMPTION (continued)

The MHD assumes that to equalize the reimbursement between physicians and optometrists for similar services, the current rates for optometrists will be increased to the current rates for physicians. The annual cost to increase optometrists' rates will be $314,766.

The MHD assumes that to equalize the reimbursement between physicians and psychologists for similar services, the current rates for psychologists will be increased to the current rates for physicians. The annual cost to increase psychologists' rates will be $3,290,327.

The total annual cost of this legislation is $3,605,093. Since this legislation is subject to appropriation the cost for FY10 is $0 to $3,003,042 (10 months). The fiscal impact for FY11 is $0 to $3,767,322. The FY12 is $0 to $3,936,851. A 4.5% medical inflation was applied to FY11 and FY12.

Officials from the **Department of Highways and Transportation** have not responded to Oversight's request for fiscal information.

***Sections 208.215 & 287.266:***

Officials from the **Department of Health and Senior Services**, **Office of the State Courts Administrator** and the **Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a similar proposal from this year(SB 522), officials from the **Office of the Missouri State Treasurer** assume the proposal would have no fiscal impact on their respective agency.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Mental Health (DMH)** state the requirement to process and pay all properly submitted medical assistance subrogation claims or MO HealthNet subrogation

ASSUMPTION (continued)

claims for a period of three years from the date services were provided does not appear to impact the DMH since it doesn't meet the definition of one of the entities required to do so.

The requirement that proceeds from certain settlements be used to reimburse the Department of Social Services for medical assistance received by an individual injured in an occupational or

ASSUMPTION (continued)

work related incident could result in some savings to the DMH if the injured individual received DMH services funded through Medicaid. If collections received were deposited to the credit of DMH the Department would recoup some money. What is unknown is whether DMH would serve many individuals in this population and also whether there would be very much revenue collected from this. Fiscal Impact is unknown less than $100,000. (See response for section 208.1300-208.1345 for overall impact).

Officials from the **Department of Social Services - Division of Legal Services** assume the proposal would have no adverse fiscal impact on their agency.

Officials from the **Department of Social Services - MO HealthNet Division** state Section 208.215 requires health benefit plans to process MO HealthNet subrogation claims for a period of three years from the date of service, regardless of their timely filing requirements. This would significantly increase third party liability recoveries. The estimated increase in recoveries is unknown but greater than $1,000,000.

***Section 354.535:***

Officials from the **Office of State Courts Administrator, Department of Mental Health, Department of Health and Senior Services** and the **Missouri Consolidated Health Care Plan** each assumes the proposal will have no fiscal impact on their respective agencies.

In response to a similar proposal from this year (HB 95), officials from the **University of Missouri** assume the proposal will have no fiscal impact on their agency.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

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

ASSUMPTION (continued)

requires members to be charged the lower of the typical prescription drug copayment or actual cost of the drug.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** assume that the provisions of this proposal do not apply to MHD. However, if these sections relating to immunosuppresant drugs did apply to MHD there would be a significant, unknown cost greater that $100,000. Provisions relating to co-payments and usual and customary retail price of prescription drugs have no fiscal impact on the DOS.

In response to a similar proposal from this year (HB 95), officials from the **Missouri Department of Transportation (DOT)** state Independent Pharmaceutical Consultants, Inc. (IPC) reviewed the legislation on behalf of the DOT/MHP Medical Plan. According to IPC's review, several sections of the proposal would impact the Plan; the biggest impact to the DOT/MHP Medical Plan lies in section 376.389. This section states that the Plan could not establish different coverage levels for one drug or group of drugs from other drugs or group of drugs. The Plan designed several coverage rules or benefit designs that allows the Plan to cover certain drugs for their intended use and according to established clinical guidelines, so the Plan can afford to cover these drugs under the benefit. In addition, this is a practice that is allowed in the federal Medicare program. If the DOT/MHP Medical Plan is not allowed to take advantage of these industry practices, the Plan and member cost would generally increase, and specifically it would also affect the Plan's ability to continue to manage the cost of the Medicare retiree plan.

It is difficult to estimate the actual cost to the DOT benefit since the DOT is not sure of the cost of the benefit if it were NOT allowed to do things like this, but it might be as much as 1% to 2% of the total drug spend, or approximately $267,500 to $535,100 each year on a ongoing basis. This is a very rough estimate. The Plan is comprised of 23% Patrol participation and 77% DOT participation; therefore, the impact to MHP would range from $61,525 to $123,073 per calendar year and the impact for DOT would be $205,975 to $412,027 per calendar year. Of this cost, the participants of the Plan would pay 30% coinsurance, which could greatly increase their financial liability. The financial impact does not take into account any additional medical costs associated with adverse reactions, etc. if the controls currently in place are dismantled as stated by IPC. Also with the additional costs to the prescription drug plan, Plan member's rates would need to be increased to ensure that the plan would have the required funds to support the additional costs.

Section 376.1460 proposes that a patient, plan sponsor, provider, employer, will be notified if there is a proposed change in a prescription. The patient will be notified of why the switch is proposed and his/her rights for refusing the change, identify both the original and the proposed medications, explain the cost sharing changes, given a copy of "switch communication," and an explanation of any financial incentives that maybe provided to the prescribing health care

ASSUMPTION (continued)

professional. The plan sponsor will be informed of the cost or the recommended medication and the originally prescribed medication. Any communications to providers will show the financial incentives to benefits, and direct the prescriber to tell the patient of the same. Prescribing practitioners will be sent all switch communication. Insurance payers and employers will be notified of medication switches, including health incentives.

This section above would most likely impact the DOT/MHP Medical Plan because there is a potential that a patient if allowed to chose the prescription would choose a more expensive one, which will increase the cost to the medical plan. It may also increase the amount of prescriptions for each patient, based on the fact that a patient does not have the expertise to prescribe a medication and would increase the prescriptions to obtain the desired results. The potential impact is unknown.

**Oversight** is presenting DOT costs as unknown, could exceed $374,570 annually [$535,100 - $160,530 (30% employee coinsurance)].

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than $2,500. The SOS realizes this is a small amount and does not expect that additional funding would be required to meet these costs. The SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of that the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state they are requesting one (1) Investigator II FTE ($35,962 annually) to handle consumer complaints and investigations on switch communication grievances. The drafting of rules and creation of the switch communication form can be handled with current staffing levels.

There will be an unknown increase in the cost of the DIFP's Independent Review Organization (IRO) contract to make determinations on formulary changes and impact on an individual's health. Should the cost increase beyond what the DIFP's current expense and equipment (E&E)

ASSUMPTION (continued)

appropriation can cover, the Department would request additional E&E appropriation through the budget process.

**Oversight** assumes the provisions of this proposal would be effective January 1, 2010.

***Section 374.184:***

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIF)** state the bill would require the development of certain uniform application forms for department use.

While the provisions of the proposal would temporarily increase the duties of the DIFP when developing the uniform application forms, the DIFP believes existing appropriation levels can cover this work and no additional staff or expenses will be necessary. Therefore, the proposal has no fiscal impact on the DIFP.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than $2,500. The SOS realizes this is a small amount and does not expect that additional funding would be required to meet these costs. The SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of that the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

***Section 376.391:***

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

ASSUMPTION (continued)

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 112 insurers could be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the

Department for review along with a $50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to $5,600 (112 insurers X $50).

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 reviews, the DIFP will need to request additional staff to handle the increase in workload.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds, since it does not appear to apply to self-insured plans. However, if this legislation is intended to apply to self-insured plans, the fiscal impact to MDC funds is expected to exceed $100,000 annually. The legislation is unclear as to whether it applies to deductibles for plans that require a deductible before coinsurance rates are applied.

In response to a similar proposal from this year (HB 614), officials from the **Missouri Department of Transportation (DOT)** state while the DOT/MHP Medical plan would not fall under the definition of a health benefit plan or health carrier, as defined in section 376.1350, the Plan would arguably still be required to comply with the bill's requirements pursuant to Section 104.801, RSMo, which states that any legislation enacted by the general assembly which mandates the coverage of specific health benefits, services, or providers in the policies or contracts of insurers, health services corporations, HMOs, or other third party payors on or after January 1, 1991, shall also apply to the DOT/MHP Medical Plan. DOT officials state the impact of the proposal would depend on the total cost charged for the health care services in addition to the network discounts provided to DOT/MHP members by the DOT network and claims administrator. The proposed legislation does not clarify what is included in the total cost. The DOT/MHP Medical Plan's copayments are a set amount and not a percentage. Therefore, it would be possible for an office visit copayment to be more than 50% of the total cost as stated in the proposed legislation because the copayment is more than 50% of the discounted charge.

For example:

| | |
|---|---|
| Total cost: | $75 |
| Network Discount Charge: | $35 |
| Copayment: | $20 (More than 50% of the total approved by the plan) |

ASSUMPTION (continued)

If the Medical Plan would be responsible for the difference as shown in the example above, there would be an impact to the Medical Plan. It is difficult to estimate the projected amount of the impact to the Plan, but incurring this extra expense many times over would add up quickly. Also, with the additional costs to health care services, DOT member rates would need to be increased to ensure that the Plan would have the required funds to support the additional costs. Therefore, DOT assumes the proposal would have an unknown negative fiscal impact exceeding $100,000 annually.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** assume this legislation applies to prescription drugs and the HCP would incur substantial unknown costs exceeding $100,000 per year. If this legislation is not intended to apply to pharmacy benefits, the HCP assumes costs associated with this proposal would be minimal since HCP already applies this logic to its HMO plan.

Officials from the **Department of Social Services** assume this legislation does not revise Chapter 208, RSMo therefore it does not affect the MO HealthNet fee-for-service program. But it does pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

There may be a cost for an actuarial review in the first year and if HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

If this occurs the cost to the MHD is unknown. These additional costs would occur in the second and third years. Costs for this section are:

FY10: unknown < $100,000 (GR unknown < $50,000)
FY11: unknown
FY12: unknown

**Oversight** notes if this proposal increases the costs of the HMOs doing business with the DOS-MHD, costs may be passed on via increases in administrative costs when contracts are renegotiated. However, since the Missouri Consolidated Health Care Plan, Missouri Department of Transportation, and Missouri Department of Conservation assume the proposal will not fiscally impact their agencies, **Oversight** assumes the DOS-MHD will probably not see significant increases in the administrative costs passed on by HMOs and, therefore, assumes the proposal will not have a significant fiscal impact on the MO HealthNet program.

ASSUMPTION (continued)

***Section 376.394:***

Officials from the **Missouri Department of Conservation, Department of Insurance, Financial Institutions and Professional Registration** and the **Missouri Consolidated Health Care Plan** each assume the proposal will have no fiscal impact on their respective agencies.

In response to a similar proposal from this year (HB 986), officials from the **Missouri Department of Transportation** assume the proposal will have no fiscal impact on their agency.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state this legislation does not revise Chapter 208, RSMo therefore it does not affect the MO HealthNet fee-for-service program. But it does pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

There may be a cost for an actuarial review in the first year and if HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

If this occurs the cost to the MHD is unknown. These additional costs would occur in the second and third years. Costs for this section are:

FY10: unknown < $100,000 (GR unknown < $50,000)
FY11: unknown
FY12: unknown

**Oversight** notes if this proposal increases the costs of the HMOs doing business with the DOS-MHD, costs may be passed on via increases in administrative costs when contracts are renegotiated. However, since the Missouri Consolidated Health Care Plan, Missouri Department of Transportation, and Missouri Department of Conservation assume the proposal will not fiscally impact their agencies, **Oversight** assumes the DOS-MHD will probably not see

ASSUMPTION (continued)

significant increases in the administrative costs passed on by HMOs and, therefore, assumes the proposal will not have a significant fiscal impact on the MO HealthNet program.

***Section 376.428:***

Officials from the **Missouri Consolidated Health Care Plan, Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Conservation** each assume the proposal will have no fiscal impact on their respective agencies.

In response to a similar proposal from this year (HB 231), officials from the **Missouri Department of Transportation** and the **University of Missouri** each assume the proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

***Sections 376.437-376.443 & 376.1603:***

Officials from the **Department of Conservation** and **Missouri Senate** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Missouri House of Representatives (MHR)** assume the proposal will not fiscally impact their organization. It is assumed that any expenses related to the Commission would be incurred by the Department of Insurance, Financial Institutions and Professional Registration.

Officials from the **Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Mental Health** assume this proposed legislation states that every group health insurance policy issued or renewed on or after January 1, 2010, must contain a provision that allows an employee or group member, whose continuation coverage under the federal COBRA law or state's continuation law has expired, to continue coverage under that

ASSUMPTION (continued)

group policy provided the employee or group member was 55 years or older when coverage under COBRA or the state continuation law expired. The extended continuation coverage provided by this act will terminate if the member does not pay the premium, becomes eligible for another group plan or Medicare or when the member turns 65, whichever occurs earliest. The DMH assumes this provision could result in fiscal impact with savings due to the possibility of an increased number of DMH consumers having access to private insurance.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than $2,500. The SOS realizes this is a small amount and does not expect that additional funding would be required to meet these costs. The SOS recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of that the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

In response to a similar proposal from this year (SB 415), officials from the **Missouri Department of Transportation (DOT)** state is unclear if this would apply to the DOT/Missouri State Highway Patrol (MHP) Medical Plan. While the DOT/MHP Medical Plan would not fall under this health plan definition, the Plan would arguably still be required to comply with the bill's requirements. The DOT/MHP Medical Plan offers COBRA coverage at 100% of the total amount charged to an employee, but only offers the coverage for a maximum period of 18 months unless another qualifying event occurs during the COBRA time frame.

According to the Business Insurance News, COBRA members are usually sicker and have 45% more claims than active employees. This is because employees with ongoing health care needs are more likely to sign up for coverage, they say. Healthier employees are likely to use their time off from work to take care of any health care needs they may have been putting off while they were employed. It is difficult to estimate what the impact would be as it would be based on the number of members choosing to enroll in COBRA coverage and the types of claims they would have. However, the DOT assumes an unknown impact less than $100,000 per year for this provision of the proposal.

The legislation also proposes that all health carriers offer a high deductible plan. A high deductible plan typically chargers higher deductibles in exchange for cheaper monthly premiums

ASSUMPTION (continued)

and preventive services. The DOT/MHP Medical Plan does not offer a high deductible plan to its membership. It would require the Plan to offer an additional plan for all members who have a health savings account as well as change the benefit structure for the new Plan. The impact to the plan would be minimal.

The DOT assumes the proposal would result in a total impact to the DOT/MHP Plan of an unknown amount less than $100,000 annually.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state it is unknown how many high deductible policies are currently sold or will be sold in the future. Therefore, the potential impact to premium tax is unknown.

The DIFP estimates it will need $100,000 for contractual costs to complete the national study of health savings accounts available in other states as required by Section 376.1603.

The DIFP believes existing staff can implement the other provisions of the proposal affecting the department. However, if the workload is such to require additional staff, the additional staff and appropriation will be requested through the budget process.

In response to a similar proposal from this year (SB 415), officials from the **Department of Revenue (DOR)** state Section 135.349 would require the Personal Tax Division to employ one (1) Revenue Processing Technician ($25,380 annually) for every 4,000 claims processed. In addition, this section would require the Corporate Tax Division to employ one (1) Revenue Processing Technician to handle the additional phone calls, correspondence and maintenance required by this new withholding tax credit.

The DOR estimates a fiscal impact to the General Revenue Fund of $77,228 for FY 10; $82,171 for FY 11; and $84,638 for FY 12.

The Office of Administration Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources. However, if priorities shift, additional FTE/overtime would be needed to implement the provisions of this proposal. The ITSD DOR estimates that this legislation could be implemented utilizing one (1) existing Computer Information Technologist (CIT) III for two (2) months for system modifications to the MINITS and three (3) CITs III for one (1) month for system modifications to COINS. The estimated cost is $22,205 if priorities shift and existing resources can not accomplish the requirements of this proposal.

ASSUMPTION (continued)

**Oversight** has, for fiscal note purposes only, changed the starting salary for the Revenue Processing Technicians to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

**Oversight** assumes the DOR would not need additional rental space for 2 new FTE.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the proposal would allow HCP subscribers age 55 an over entitlement to "continuation of coverage" under a group policy for themselves and their dependents. According to the legislation, the premium contribution shall not be greater than 102% of the total of the amount that would be charged if the former employee were a current group member.

Adding older adults to a group plan will cause a shift in medical risk to the group as a whole. Younger members are, in general, healthier and have less medical costs than older members. HCP's average monthly medical and pharmacy claims costs associated with insuring an adult age 55 - 65 is $577; insuring a member aged 35 - 45 is, on average, $305 per month.

The exact cost of this legislation is unknown due to an unpredictable number of enrollees in the continuation program. However, HCP currently provides continuation of coverage under COBRA to 129 members who are age 55 - 65. Assuming all of these members would elect to continue their benefits until they become Medicare eligible, the HCP would likely incur costs exceeding $100,000 annually. These costs would be passed directly to the plan and most likely to all HCP members as a higher premium.

**Oversight** assumes, for fiscal note purposes, that the state will absorb increases in the costs of insurance premiums as a result of this proposal. However, the legislature, during the budgetary process, the HCP Board, and the Missouri Highway Transportation Commission (MHTC) will determine if any or all of the increase in costs will be paid by employees.

**Oversight** assumes the provisions of the proposal, as it relates to state employee health plans, would become effective January 1, 2010.

**This proposal would result in a decrease in total state revenue.**

ASSUMPTION (continued)

***Sections 376.960, 376.966 & 376.986:***

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal states rates cannot be higher than 125% of standard rates. The financial impact of this provision is assumed to be low to moderate. Rates are currently slightly above 150% of standard. This provision will make the program slightly more accessible for those with moderate incomes and, therefore, will reduce the premium income accordingly (similar to LR 1573-01). The exact cost impact to the Missouri Health Insurance Pool (MHIP) by this proposal is unknown, but estimated to be over $500,000 annually. The increase in costs will be assessed to health insurers in the state by the MHIP. The health insurers then may claim these assessments as credits against premium taxes due. These credits do not impact premium tax distributions to school districts; only General Revenue will be impacted.

The Department assumes caps premium to the Missouri Health Insurance Pool at certain percentages based upon the individuals income. The premium collected will not cover the cost of care. The differences between the premium and the cost of care will be assessed to all health insurers in the state. Health insurers are then allowed to take a credit for this assessment against premium tax due. This credit is taken against the GR portion of premium tax only. The effect on GR is unknown but expected to be over $100,000.

The department estimates it will need $100,000 for contractual costs to complete the national study of health savings accounts available in other states as required by Section 376.1603.

The department believes existing staff can implement 376.1618. However, if the workload is such to require additional staff, the additional staff and appropriation will be requested through the budget process.

| FISCAL IMPACT - State Government | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| **GENERAL REVENUE FUND** | | | |
| Savings - Department of Mental Health* - Show-Me Health Coverage Plan | Unknown but Greater than $100,000 | Unknown but Greater than $100,000 | Unknown but Greater than $100,000 |
| Savings - Department of Mental Health - Sections 376.437-376.433 & 376.1603 | Unknown | Unknown | Unknown |
| Costs - Department of Mental Health - Section 191.940 | | | |
| Program Costs | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |
| Costs - Department of Health and Senior Services - Section 191.940 | | | |
| Personal Service | ($72,697) | ($89,854) | ($92,550) |
| Fringe Benefits | ($35,353) | ($43,696) | ($45,007) |
| Equipment and Expense | ($25,549) | ($17,135) | ($17,650) |
| Program Costs | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |
| Total Costs - DHSS | (Unknown but Greater than $233,599) | (Unknown but Greater than $250,685) | (Unknown but Greater than $255,207) |
| FTE Change - DHSS | 2 FTE | 2 FTE | 2 FTE |
| Costs - Department of Mental Health - Sections 191.015, 191.1005-191.1010 | | | |
| Program Costs | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| Costs - Department of Health and Senior Services - Sections 191.015, 191.1005-191.1010, 197.550-197.586 | | | |
| Program Costs | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |
| Costs - Department Social Services - Sections 191.015, 191.1005-191.1010, 197.550-197.586 | | | |
| Program Costs | (Unknown but Greater than $104,166) | (Unknown but Greater than $125,000) | (Unknown but Greater than $125,000) |
| Costs - Department of Mental Health - Sections 191.1265 | | | |
| Program Costs | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |
| Costs - Department of Health and Senior Services - Sections 191.1271 | | | |
| Program Costs | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |
| Costs - Department of Health and Senior Services - Show-Me Health Coverage Plan | | | |
| Personal Service | ($25,045) | ($46,434) | ($63,769) |
| Fringe Benefits | ($12,179) | ($22,581) | ($31,011) |
| Equipment and Expense | ($16,605) | ($46,308) | ($100,710) |
| Total Costs - DHSS | ($53,829) | ($115,323) | ($195,490) |
| FTE Change - DHSS | .92 FTE | 1.38 FTE | 1.84 FTE |
| Costs - Missouri State Highway Patrol - Show-Me Health Coverage Plan | | | |
| Program Costs | (Unknown) | (Unknown) | (Unknown) |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| Costs - Department of Social Services - Family Support Division - Show-Me Health Coverage Plan | | | |
| Mailing Costs | ($1,566) | ($687) | ($703) |
| Costs - Department of Social Services - Information Technology Services Division - Show-Me Health Coverage Plan | | | |
| State Data Center Charges | ($41,800) | ($50,160) | ($50,160) |
| FAMIS Consultant Costs | ($418,015) | $0 | $0 |
| MHN Consultant Costs | ($76,125) | $0 | $0 |
| Total Costs - DSS ITSD | ($535,940) | ($50,160) | ($50,160) |
| Costs - Department of Social Services - MO HealthNet Division - Show-Me Health Coverage Plan | | | |
| Premature Infants Program Costs | (Unknown) | (Unknown) | (Unknown) |
| Program Costs | ($1,065,780) | ($1,337,023) | ($1,397,188) |
| Program Costs | (Unknown but Greater than $250,000) | (Unknown but Greater than $250,000) | (Unknown but Greater than $250,000) |
| Program Costs | (Unknown) | (Unknown) | (Unknown) |
| Program Costs | ($19,283,240) | ($35,852,428) | ($52,019,377) |
| Total Costs - DSS | (Unknown but Greater than $20,599,020) | (Unknown but Greater than $37,439,451) | (Unknown but Greater than $53,666,565) |
| Costs - Missouri Consolidated Health Care Plan - Section 376.391 | | | |
| Increase in state health plan costs | (Unknown exceeding $55,833) | (Unknown exceeding $67,000) | (Unknown exceeding $67,000) |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| Loss - Department of Insurance, Financial Institutions and Professional Registration - Sections 376.437-376.443 & 376.1603 | | | |
| Reduction in premium taxes collected on Missouri resident premiums | (Unknown) | (Unknown) | (Unknown) |
| Costs - Missouri Consolidated Health Care Plan - Sections 376.437-376.443 & 376.1603 | | | |
| Increase in the state's share of employee insurance premiums | (Unknown exceeding $33,500) | (Unknown exceeding $67,000) | (Unknown exceeding $67,000) |
| Costs - Department of Revenue - Sections 376.437-376.443 & 376.1603 | | | |
| Personal service costs (2.0 FTE) | ($38,745) | ($47,656) | ($48,848) |
| Fringe benefits | ($18,842) | ($23,175) | ($23,755) |
| Equipment and expense | ($11,584) | ($1,036) | ($1,068) |
| Total Cost - DOR | ($69,171) | ($71,867) | ($73,671) |
| FTE Change - DOR | 2 FTE | 2 FTE | 2 FTE |
| Costs - Department of Insurance, Financial Institutions and Professional Registration - Section 376.986 | | | |
| Program Costs | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |
| **ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*** | **(Unknown but Greater than $22,186,624)** | **(Unknown but Greater than $38,687,173)** | **(Unknown but Greater than $55,000,796)** |
| Estimated Net FTE Change for General Revenue Fund | .92 FTE | 1.38 FTE | 1.84 FTE |

*Oversight only included $100,000 in the Estimated Net Effect on General Revenue Fund.

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| **FRA FUND** | | | |
| Costs - Department Social Services - MO HealthNet Division - Show-Me Health Coverage Plan | | | |
| Program Costs | ($6,498,413) | ($10,972,889) | ($14,603,047) |
| **ESTIMATED NET EFFECT ON FRA FUND** | **($6,498,413)** | **($10,972,889)** | **($14,603,047)** |
| | | | |
| **THIRD PARTY LIABILITY FUND** | | | |
| Savings - Department of Social Services | | | |
| Program Savings - Show-Me Health Coverage Plan | Unknown but Greater than $358,449 | Unknown but Greater than $358,449 | Unknown but Greater than $358,449 |
| **ESTIMATED NET EFFECT ON THIRD PARTY LIABILITY FUND** | **Unknown but Greater than $358,449** | **Unknown but Greater than $358,449** | **Unknown but Greater than $358,449** |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| **ROAD FUND** | | | |
| Costs - Department of Highways and Transportation - Sections 191.1200-191.1271 | | | |
| Program Costs | (Unknown) | (Unknown) | (Unknown) |
| Costs - Department of Highways and Transportation - Sections 354.535 | | | |
| Increase in employee health insurance/pharmacy plan costs | (Unknown, could exceed $187,285) | (Unknown, could exceed $374,570) | (Unknown, could exceed $374,570) |
| Costs - Department of Highways and Transportation - Sections 376.391 | | | |
| Increase in medical plan costs | (Unknown, could exceed $83,333) | (Unknown, could exceed $100,000) | (Unknown, could exceed $100,000) |
| Costs - Department of Highways and Transportation - Sections 376.437-376.443 & 376.1603 | | | |
| Increase in employee health benefit costs | (Unknown less than $50,000) | (Unknown less than $100,000) | (Unknown less than $100,000) |
| **ESTIMATED NET EFFECT ON ROAD FUND** | **(Unknown, could exceed $320,618)** | **(Unknown, could exceed $574,570)** | **(Unknown, could exceed $574,570)** |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| **HEALTH CARE TECHNOLOGY FUND** | | | |
| Costs - Department Social Services - Sections 191.1200-191.1271 | | | |
| Program Costs | ($400,000) | $0 | $0 |
| **ESTIMATED NET EFFECT ON HEALTH CARE TECHNOLOGY FUND** | **($400,000)** | **$0** | **$0** |
| **INSURANCE DEDICATED FUND** | | | |
| Income - Department of Insurance, Financial Institutions and Professional Registration - Sections 191.015, 191.1005-191.1010, 197.550-197.586* | $5,600 | $0 | $0 |
| Income - Department of Insurance, Financial Institutions and Professional Registration - Section 376.391* | | | |
| Form filing fees | Up to $5,600 | $0 | $0 |
| Costs - Department of Insurance, Financial Institutions and Professional Registration - Sections 354.535 | | | |
| Personal service (1.0 FTE) | ($30,718) | ($37,783) | ($38,727) |
| Fringe benefits | ($14,938) | ($18,374) | ($18,833) |
| Expense and equipment | ($7,538) | ($6,302) | ($6,489) |
| Total Costs - DIFP | ($53,194) | ($62,459) | ($64,049) |
| FTE Change - DIFP | 1.0 FTE | 1.0 FTE | 1.0 FTE |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| Costs - Department of Insurance, Financial Institutions and Professional Registration - Sections 376.437-376.443 & 376.1603 | | | |
| Contract costs for national study | ($100,000) | $0 | $0 |
| **ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND** | **($141,994)** | **($62,459)** | **($64,049)** |
| Estimated Net FTE Change for Insurance Dedicated Fund | 1.0 FTE | 1.0 FTE | 1.0 FTE |

*Oversight included $5,600 in net effect total.

| **COUNTY FOREIGN/COUNTY STOCK FUNDS** | | | |
|---|---|---|---|
| Savings - Department of Insurance, Financial Institutions and Professional Registration - Sections 376.437-376.443 & 376.1603 | | | |
| Reduction in premium tax transferred to schools | Unknown | Unknown | Unknown |
| Loss - Department of Insurance, Financial Institutions and Professional Registration - Sections 376.437-376.443 & 376.1603 | | | |
| Reduction in premium tax collected | (Unknown) | (Unknown) | (Unknown) |
| **ESTIMATED NET EFFECT ON COUNTY FOREIGN/COUNTY STOCK FUNDS** | **$0** | **$0** | **$0** |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| **MISSOURI HEALTH INSURANCE POOL FUND** | | | |
| Costs - Department of Insurance, Financial Institutions and Professional Registration - Sections 376.960, 376.966 & 376.986 | | | |
| Program Costs | (Unknown but Greater than $500,000) | (Unknown but Greater than $500,000) | (Unknown but Greater than $500,000) |
| **ESTIMATED NET EFFECT ON MISSOURI HEALTH INSURANCE POOL FUNDS** | **(Unknown but Greater than $500,000)** | **(Unknown but Greater than $500,000)** | **(Unknown but Greater than $500,000)** |
| **OTHER STATE FUNDS** | | | |
| Costs - Missouri Consolidated Health Care Plan - Section 376.391 | | | |
| Increase in state health plan costs | (Unknown exceeding $10,000) | (Unknown exceeding $12,000) | (Unknown exceeding $12,000) |
| Costs - Missouri Consolidated Health Care Plan - Sections 376.437-376.443 & 376.1603 | | | |
| Increase in the state's share of employee insurance premiums | (Unknown exceeding $6,000) | (Unknown exceeding $12,000) | (Unknown exceeding $12,000) |
| **ESTIMATED NET EFFECT ON OTHER STATE FUNDS** | **(Unknown exceeding $16,000)** | **(Unknown exceeding $24,000)** | **(Unknown exceeding $24,000)** |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| **FEDERAL FUNDS** | | | |
| Income - Department of Social Services - Sections 191.015, 191.1005-191.1010, 197.550-197.586 | | | |
| Federal Assistance | Unknown but Greater than $104,167 | Unknown but Greater than $125,000 | Unknown but Greater than $125,000 |
| Income - Department of Mental Health - Show-Me Health Coverage Plan | | | |
| Program Savings | Unknown but Greater than $100,000 | Unknown but Greater than $100,000 | Unknown but Greater than $100,000 |
| Income - Department of Health and Senior Services - Show-Me Health Coverage Plan | | | |
| Federal Assistance | $61,238 | $127,792 | $212,440 |
| Income - Department of Social Services - Family Support Division - Show-Me Health Coverage Plan | | | |
| Federal Assistance | $1,566 | $687 | $703 |
| Income - Department of Social Services - Information Technology Services Division - Show-Me Health Coverage Plan | | | |
| Federal Assistance | $221,366 | $15,840 | $15,840 |
| Income - Department of Social Services - MO HealthNet Division - Show-Me Health Coverage Plan | | | |
| Federal Assistance | Unknown but Greater than $48,381,190 | Unknown but Greater than $86,578,925 | Unknown but Greater than $122,159,489 |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| Savings - Department of Social Services - Show-Me Health Coverage Plan | | | |
| Program Savings | Unknown but Greater than $651,551 | Unknown but Greater than $651,551 | Unknown but Greater than $651,551 |
| Costs - Department of Social Services - Sections 191.015, 191.1005-191.1010, 197.550-197.586 | | | |
| Program Costs | (Unknown but Greater than $104,167) | (Unknown but Greater than $125,000) | (Unknown but Greater than $125,000) |
| Loss - Department of Mental Health - Show-Me Health Coverage Plan | | | |
| Federal Assistance | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) | (Unknown but Greater than $100,000) |
| Costs - Department of Health and Senior Services - Show-Me Health Coverage Plan | | | |
| Personal Service | ($29,401) | ($54,509) | ($74,859) |
| Fringe Benefits | ($14,298) | ($26,508) | ($36,404) |
| Equipment and Expense | ($17,539) | ($46,775) | ($101,177) |
| Total Costs - DHSS | ($61,238) | ($127,792) | ($212,440) |
| FTE Change - DHSS | 1.08 FTE | 1.62 FTE | 2.16 FTE |
| Costs - Department of Social Services - Family Support Division - Show-Me Health Coverage Plan | | | |
| Mailing Costs | ($6,912) | ($2,747) | ($2,813) |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| Costs - Department of Social Services - Information Technology Services Division - Show-Me Health Coverage Plan | | | |
| State Data Center Charges | ($13,200) | ($15,840) | ($15,840) |
| FAMIS Consultant Costs | ($132,041) | $0 | $0 |
| MHN Consultant Costs | ($76,125) | $0 | $0 |
| Total Costs - DSS ITSD | ($221,366) | ($15,840) | ($15,840) |
| Costs - Department Social Services - MO HealthNet Division - Show-Me Health Coverage Plan | | | |
| Premature Infants Program Costs | (Unknown) | (Unknown) | (Unknown) |
| Program Costs | ($1,937,262) | ($2,430,299) | ($2,539,663) |
| Program Costs | (Unknown but Greater than $250,000) | (Unknown but Greater than $250,000) | (Unknown but Greater than $250,000) |
| Program Costs | (Unknown) | (Unknown) | (Unknown) |
| Program Costs | ($46,193,928) | ($83,898,626) | ($119,369,826) |
| Total Costs - DSS | (Unknown but Greater than $48,381,190) | (Unknown but Greater than $86,578,925) | (Unknown but Greater than $122,159,489) |
| Costs - Department of Social Services - Show-Me Health Coverage Plan | | | |
| Return Federal Assistance | (Unknown but Greater than $651,551) | (Unknown but Greater than $651,551) | (Unknown but Greater than $651,551) |
| Costs - Missouri Consolidated Health Care Plan - Section 376.391 | | | |
| Increase in state health plan costs | (Unknown could exceed $17,500) | (Unknown could exceed $21,000) | (Unknown could exceed $21,000) |

| FISCAL IMPACT - State Government (continued) | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| Costs - Missouri Consolidated Health Care Plan - Sections 376.437-376.443 & 376.1603 | | | |
| Increase in the state's share of employee insurance premiums | (Unknown exceeding $10,500) | (Unknown exceeding $21,000) | (Unknown exceeding $21,000) |
| **ESTIMATED NET EFFECT ON FEDERAL FUNDS** | **(Unknown could exceed $28,000)** | **(Unknown could exceed $42,000)** | **(Unknown could exceed $42,000)** |
| Estimated Net FTE Change for Federal Funds | 1.08 FTE | 1.62 FTE | 2.16 FTE |

| FISCAL IMPACT - Local Government | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---|---|---|
| **LOCAL GOVERNMENTS - SCHOOLS** | | | |
| Loss - Schools - Sections 376.437-376.443 & 376.1603 | | | |
| Reduction in distribution of premium tax | (Unknown) | (Unknown) | (Unknown) |
| **ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - SCHOOLS** | **(Unknown)** | **(Unknown)** | **(Unknown)** |

FISCAL IMPACT - Small Business

The proposal may have a minimal administrative fiscal impact on small business health care providers.

FISCAL IMPACT - Small Business (continued)

Section 197.553.1 of the proposed legislation requires hospitals to report reportable incidents to a federally-designated patient safety organization. Small hospitals could incur costs associated with reporting these incidents.

Physicians that operate as small businesses could be economically impacted. Some small businesses who are Medicaid providers may see an increase in the number of participants they serve, thus increasing the amount of Medicaid reimbursement they receive. Also, some small businesses may opt to discontinue the provision of health care coverage for their employees since coverage would be available through "Show-me Health Coverage."

The proposal may impact small businesses that provide prescription insurance coverage for their employees if HMOs or other health insurers adjust premiums.

The proposal may have a small administrative impact on small business insurers and health care providers. The proposal could directly impact small businesses that provide employees with health benefit coverage if health insurers raise their premiums.

This proposal would impact small businesses that offer employees health insurance as they could be provided with a tax credit.

FISCAL DESCRIPTION

***Sections 191.015, 191.1005-191.1010, 197.550-197.586:***

The proposed legislation establishes requirements for transparency of health care information and patient safety.

TRANSPARENCY OF HEALTH CARE INFORMATION: Programs of insurers that publicly assess and compare the quality and cost efficiency of health care providers must conform to specified criteria for the transparency of health care information.

Any person who sells or distributes comparative health care quality and cost-efficiency data for public disclosure must identify the measuring technique used to validate and analyze the data, except for articles or research studies published in peer-reviewed academic journals that do not receive funding from a health care insurer or state or local government. Individuals violating this provision will be investigated by the Department of Health and Senior Services and may be subject to a penalty of up to $1,000. Health insurers violating this provision will be investigated by the Department of Insurance, Financial Institutions and Professional Registration and subject to the Department's enforcement powers of the state's insurance laws.

FISCAL DESCRIPTION (continued)

PATIENT SAFETY: Beginning January 1, 2010, hospitals must report all serious health care incidents resulting in serious adverse events to a federally designated patient safety organization no later than one business day following the discovery of the incident. The report must describe the immediate actions taken to minimize patient risk and the prevention measures carried out. The hospital will have 45 days after the incident was discovered to submit a root cause analysis report and prevention plan to the organization, with or without the technical assistance of the organization. If the organization finds any of the reports provided by the hospital to be insufficient, the hospital will have two attempts to make corrections. The Department of Health and Senior Services will assist hospitals with three or more insufficient reports and accept reports from a hospital that does not submit serious adverse events to an organization. All hospitals must establish policies to notify a patient within one business day after the hospital is aware of an occurrence of a serious adverse event in health care. Notifying the patient will not be considered acknowledgment or admission of hospital liability for the serious adverse event. After receiving a complete root cause analysis report and prevention plan from a hospital, an organization must assess the information and report back to the hospital its findings and recommendations for preventing future incidents.

By April 30 of every year, the Department must publish to the public a report indicating the number of serious adverse events for the previous year by region and category and can include serious adverse events by type of facility. Hospitals must report incidents of serious adverse events on a quarterly basis to the Department.

Patient safety organization meetings with individuals related to an incident must keep discussions limited to the course of carrying out the business of the organization. Proceedings and records of an organization cannot be used in civil action against a health care provider, and providers furnishing services to an organization cannot be liable for civil damages as a result of findings based on the provider's services.

An organization can disclose non-identifying information regarding the number and type of patient safety incidents that occur, but documents and any communication created by a health care provider must be kept confidential by the organization.

Payment claims for health care services related to a reported incident of a serious adverse event made by a hospital will not be subject to the Unfair Claims Settlement Practices Act. Beginning January 1, 2010, hospitals that report an incident of a serious adverse event cannot charge for or legislation individuals or insurers for services related to the incident. If an insurer denies a claim because of lack of coverage for services that resulted from an incident of a serious adverse event, the health care provider or facility involved cannot bill the patient for the uncovered services.

FISCAL DESCRIPTION (continued)

***Section 191.940:***

The proposed legislation establishes the Evan de Mello Reimbursement Program within the Departments of Health and Senior Services and Mental Health to provide financial assistance for the cost of transportation and ancillary services associated with the medical treatment of an eligible child. The program is the payer of last resort after all other available sources have been exhausted, and reimbursement is subject to appropriations. To be eligible for assistance under the program, a child must be suffering from a condition or impairment that results in severe physical illness or impairments, in need of transportation or ancillary services due to his or her condition, certified by a physician of the child's choice as a child who will likely benefit from medical services, and required to travel at least 100 miles for medical services which the child's parents or guardian are unable to pay the travel expenses. The Departments must establish rules which include an application and review process, a cap on benefits that cannot be less than $5,000 per recipient, and a household income eligibility limit which cannot exceed 350% of the federal poverty level.

***Sections 191.1127 & 191.1130:***

This legislation modifies the health care for uninsured children program.

***Sections 191.1200-191.1271:***

The proposed legislation enacts provisions relating to health care technology.

TRANSPARENCY OF HEALTH CARE SERVICES: This legislation establishes guidelines for transparency in pricing and quality of health care services. Criteria is established for insurers to use in programs that publicly assess and compare the quality and cost efficiency of health care providers. A provider cannot decline to enter into a provider contract with an insurer solely because the insurer uses quality and cost efficiency of health care data programs.

A person who sells or distributes health care quality and cost efficiency data in a comparative format to the public is required to identify the source used to confirm the validity of the data and its analysis as an objective indicator of health care quality. This provision does not apply to articles or research studies that are published in peer-reviewed academic journals, nonprofit community-based organizations, or by state or local governments. The Department of Health and Senior Services is required to investigate complaints of alleged violations and is authorized to impose a penalty of up to $1,000. Alleged violations by health insurers will be investigated and enforced by the Department of Insurance, Financial Institutions, and Professional Registration. SECTIONS 191.1005 to 191.1010

FISCAL DESCRIPTION (continued)

INTERNET WEB-BASED PRIMARY CARE ACCESS PILOT PROJECT: This legislation requires the General Assembly to appropriate $400,000 from the Health Care Technology Fund to the Department of Social Services to award a grant to implement an internet web-based primary care access pilot project designed as a collaboration between private and public sectors to connect, where appropriate, a patient with a primary care medical home, and schedule patients into available community-based appointments as an alternative to non-emergency use of the hospital emergency room as consistent with federal law and regulations. The criteria for the grant are specified in the act. SECTION 191.1200

TELEHEALTH: This legislation expresses the state's recognition of the delivery of health care via telehealth as a safe, practical and necessary practice in the state. By January 1, 2010, the Department of Health and Senior Services shall promulgate quality control rules to be used in removing and improving the service of telehealth practitioners. SECTIONS 191.1250 to 191.1277

***Section Show-Me Health Coverage:***

The proposed legislation establishes the Show-Me Health Coverage plan within the Department of Social Services to provide health care coverage through the private insurance market to low-income working individuals in the state. The Department of Insurance, Financial Institutions and Professional Registration shall provide oversight of the marketing practices of the plan while the Department of Social Services shall establish standards for consumer protection for the plan. The maximum enrollment of plan participants is dependent on the moneys appropriated by the General Assembly, and the eligibility for the plan is phased in incrementally based on appropriations. The plan is subject to approval by the United States Department of Health and Human Services.

The eligibility requirements and the services to be provided by the plan are specified in the legislation. The plan shall also provide for every participating individual a health care home. Under the plan, a health care account is established for each individual and payments for his or her participation can be made by the individual, an employer, the state, or any philanthropic of other charitable contributor. An individual's health care account shall be used to pay the individual's deductible for health care services under the plan. A participant will be terminated from participation in the plan if his or her required payment is not made within 60 days after the required date, however the participant may reapply to participate in the plan. Approved participants are eligible for a 12-month period but must file a renewal application to remain in the plan.

FISCAL DESCRIPTION (continued)

***Sections 208.215 & 287.266:***

The proposed legislation appears modifies provisions relating to the MO HealthNet Division's authority to collect from third party payers and from workers' compensation beneficiaries.

Under this legislation any third party administrator, administrative service organization, health benefit plan and pharmacy benefits manager shall process and pay all properly submitted MO HealthNet subrogation claims for a period of three years from the date services were provided or rendered, regardless of any other timely filing requirement. The entity shall not deny such claims on the basis of the type or format of the claim form, or a failure to present proper documentation of coverage at the point of sale.

Payments made by the Department to or on behalf of a MO HealthNet eligible individual as the result of any workers' compensation injury shall be presumed to be benefits incorrectly paid for purposes of Mo HealthNet estate recovery and shall be considered a debt due the state. Any settlement approved or judgment issued by the administrative law judge shall constitute a judgment of a court on account of benefits incorrectly paid for Mo HealthNet estate recovery purposes. Any settlement approved or judgment issued by an administrative law judge shall require full repayment of all moneys paid by the Department to or on behalf of a person eligible for public assistance as the result of any workers' compensation injury. All moneys repaid to the Department shall be allocated as medical expenses in the settlement or judgment. The state shall have a right of subrogation to any funds for medical expenses owed to or received by the employee.

The employer and attorney for an injured worker who is eligible for public assistance as a result of a workers' compensation injury shall give the Department of Social Services thirty days notice of any institution of a proceeding, settlement, or judgment. No such settlement or judgment may be approved or issued by the administrative law judge without the filing of a release from the MO HealthNet division evidencing full repayment of all moneys paid by the Department to or on behalf of the worker for the injury.

***Section 354.535:***

This proposal specifies that when the usual and customary retail price of a prescription drug is less than the co-payment applied by a health maintenance organization or health insurer, the enrollee is only required to pay the usual and customary retail price of the prescription drug and there will be no further charge to the enrollee or plan sponsor for the prescription.

FISCAL DESCRIPTION (continued)

This proposal also establishes regulations regarding pharmacy benefit managers. In its main provisions, the proposal: (1) Requires pharmacy benefit managers remit monthly a summary of each claim submitted to the plan sponsor; (2) Prohibits pharmacy benefit managers from automatically enrolling pharmacies in contracts or modifying an existing contract without a written affirmation from the pharmacy or pharmacist, from requiring pharmacies or pharmacists from participating in a contract in order to participate in another, and from discriminating between pharmacies or pharmacists on the basis of co-payments or days of supply; (3) When an insured presents a prescription to a pharmacy in the pharmacy benefits manager's network, the pharmacy benefits manager can not reassign the prescription to be filled by another pharmacy; (4) A health benefit plan or health care services contract that covers prescription drugs shall not limit, reduce, or deny coverage for any immunosuppressive drug, if the insured was using the drug and the drug was covered under the plan; (5) Anytime a patient's prescribed medication is recommended to be switched to a medication other than that originally prescribed, a switch communication shall be sent to the patient and plan sponsor or health carrier regarding the recommended medication, the cost or the originally prescribed medication, and financial incentive the health carrier or pharmacy benefits manager may be utilizing to encourage or induce the switch. These provisions do not apply to substitutions made under subsection 2 of section 338.056, RSMo, unless the substitute results in a higher cost to the patient or health insurance payer; (6) The Department of Insurance, Financial Institutions and Professional Registration shall promulgate rules governing switch communications; (7) Certain fines for issuing or delivering or causing to be delivered a switch communication that has not been approved and is not in compliance with section 376.1460, providing a misrepresentation or false statement in a switch communication, or other material violation is punishable by a specified fine; and, (8) When medications are restricted by a step therapy or fail first protocol, the prescriber shall have access to a clear and convenient process to override the restrictions from the pharmacy benefits manager or health carrier when certain conditions are met.

***Section 376.391:***

This proposal prohibits health insurers from imposing any co-payment or co-insurance, or combination thereof, that exceeds 50% of the total cost of providing the health care service to an enrollee.

***Sections 376.437-376.443 & 376.1603:***

This proposal modifies several provisions of law relating to laws governing health insurance.

FISCAL DESCRIPTION (continued)

TAX CREDIT FOR SMALL EMPLOYEES ENROLLED IN QUALIFIED HSA PLANS: Under this proposal, small employers who employ less than 50 persons are allowed a tax credit in the amount of $250 for each employee enrolled in a qualified health insurance plan. Under the proposal, the tax credit may be carried forward to the next 4 succeeding years (Section 135.349).

EXEMPTION FROM STATE AND LOCAL PREMIUM TAXES FOR QUALIFIED HSA HEALTH INSURANCE PLANS: This proposal provide an exemption from state and local insurance premium taxes for premiums paid on health savings account eligible plans (high deductible plans) that are sold in Missouri (Section 148.372).

STUDY TO IDENTIFY ADMINISTRATIVE AND REGULATORY BARRIERS FOR NEW INSURANCE PRODUCTS: By January 1, 2010, the Director of the Department of Insurance, Financial Institutions and Professional Registration must provide recommendations to the General Assembly of changes to remove any unnecessary barriers that limit the entry of new health insurance products into the Missouri insurance market. The director must also examine proposals adopted in other states that streamline the regulatory processes to allow insurance companies to market new and existing products more easily (Section 376.1618).

HRA ONLY PLANS: Under this proposal, employees are allowed to use funds from one or more employer health reimbursement arrangement (HRA) only plans to help pay for individual health insurance coverage. HRAs are employee benefit plans provided by an employer which establish an account funded solely by the employer to reimburse the employee for qualified medical expenses incurred by the employee or his or her family. HRAs allow the employee to carry forward any unused funds at the end of the coverage period to subsequent coverage periods (Section 376.1600). A similar provision is contained in HB 229 (2009).

The proposal also provides that if an employer provides health insurance to an employee and the employee pays any portion of the cost of the premium, the employer must also provide a premium-only cafeteria plan or a health reimbursement arrangement (Section 376.453).

COINSURANCE AMOUNTS FOR NON-NETWORK SERVICES UNDER A HSA PLAN: Under this proposal, a health carrier may offer HSA qualified health plans with coinsurance percentage thresholds of 50% or greater for non-network services (Section 376.1606).

PROMOTION AND APPROVAL OF HSA HEALTH PLANS: Under the proposal, the Director of the Department of Insurance is expressly authorized to adopt policies to promote, approve, and encourage health savings account eligible high deductible plans in Missouri. The proposal directs the director to conduct a national study of health savings account eligible high deductible health plans available in other states and determine if and how these plans serve the uninsured.

FISCAL DESCRIPTION (continued)

The proposal also directs the Director to develop a fast track approval process for health savings account eligible high deductible plans (Section 376.1603).

HEALTH MANAGEMENT AND DISEASE MANAGEMENT PROGRAMS IN QUALIFIED HSA PLANS: This proposal expressly allows health carriers to include wellness and health promotion programs, condition or disease management programs, health risk appraisal programs, and similar provisions in high deductible plans that comport with federal law. The programs must be approved by the department. Health carriers that include such programs in high deductible plan shall not be considered to be in engaging in unfair trade practices (Section 376.1609).

MISSOURI MINI-COBRA LAW TO MIRROR FEDERAL COBRA LAW: This proposal requires group health insurance policies issued by health carriers to employers not covered by the federal COBRA law (employers with 2 to 19 employees) to provide terminated employees with group insurance coverage continuation rights in the same manner as provided by the federal COBRA law (Section 376.428).

CONTINUATION OF HEALTH INSURANCE COVERAGE FROM AGE 55: Under this proposal, every group health insurance policy issued or renewed on or after January 1, 2010, must contain a provision that allows an employee or group member, whose continuation coverage under the federal COBRA law or state's continuation law has expired, to continue coverage under that group policy provided the employee or group member was 55 years or older when coverage under COBRA or the state continuation law expired. The extended continuation coverage provided by this proposal will terminate upon the earliest of the following: 1) The date the employee or group member fails to pay premiums; 2) The date the group policy is terminated as to all group members; 3) The date on which the employee or group member becomes insured under another group policy; 4) The date on which the employee or group member becomes eligible for coverage under the federal Medicare program; or 5) The date on which the employee or group member turns 65 (Section 376.437).

HIGH RISK POOL LEGISLATIVE STUDY COMMITTEE: This proposal creates a legislative study committee to research new plan designs and options for the state high risk pool to include rewards and incentives, use of biometrics, wellness, prevention, early intervention, and condition management . The committee shall be comprised of the director of the department of insurance, financial institutions and professional registration, the high risk pool board members, two Missouri Senators and two Missouri House of Representatives members. The committee must submit a report to the General Assembly by March 1, 2010 (Section 376.991).

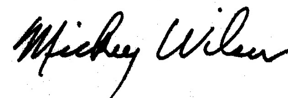
FISCAL DESCRIPTION (continued)

GUARANTEED ISSUE HSA ELIGIBLE PLANS: This proposal requires the high risk pool to offer high-deductible health plans, offered in conjunction with health savings accounts, to be offered on a guaranteed-issue basis (Section 376.987).

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

Office of the Attorney General
Office of Administration-Administrative Hearing Commission
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Conservation
Missouri House of Representatives
Missouri Senate
Office of the Secretary of State
Department of Highways and Transportation
Department of Revenue
Department of Public Safety
Missouri State Highway Patrol
Office of the State Courts Administrator
Office of the Missouri State Treasurer
University of Missouri
Department of Labor and Industrial Relations



Mickey Wilson, CPA

Director
May 11, 2009