

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5122-01
Bill No.: SB 663
Subject: Health Care; Insurance - Medical
Type: Original
Date: January 27, 2014

Bill Summary: This proposal requires health benefit plans to establish equal out-of-pocket requirements for covered oral medications and intravenously administered chemotherapy medications.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| General Revenue | (Unknown greater than \$30,500) | (Unknown greater than \$61,000) | (Unknown greater than \$61,000) |
| Total Estimated Net Effect on General Revenue Fund | (Unknown greater than \$30,500) | (Unknown greater than \$61,000) | (Unknown greater than \$61,000) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|--|---|--|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| Insurance Dedicated | Up to \$5,000 | \$0 | \$0 |
| Other State | (Unknown greater than \$7,500) | (Unknown greater than \$15,000) | (Unknown greater than \$15,000) |
| Road | (Unknown greater than \$50,000) | (Unknown greater than \$100,000) | (Unknown greater than \$100,000) |
| Total Estimated Net Effect on <u>Other</u> State Funds | (Unknown greater than \$52,500) | (Unknown greater than \$115,000) | (Unknown greater than \$115,00) |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|--|--|--|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| Federal | (Unknown greater than \$12,000) | (Unknown greater than \$24,000) | (Unknown greater than \$24,000) |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | (Unknown greater than \$12,000) | (Unknown greater than \$24,000) | (Unknown greater than \$24,000) |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2014 | FY 2015 | FY 2016 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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 2014 | FY 2015 | FY 2016 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services**, the **Department of Social Services**, the **Department of Mental Health** and the **Missouri Department of Conservation** each assume the current proposal would not fiscally impact their respective agencies.

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

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the Plan covers most intravenously administered or injected cancer medications through the medical plan with an applicable deductible and coinsurance. Orally administered cancer medications are covered through the prescription drug plan with applicable copayments. Because these medications are provided under two different benefit plans and designs (deductible/coinsurance vs. copayments), the member cost for these medications is not comparable. HCP would need to adjust its plan designs to comply with this legislation.

Based on information from HCP medical and prescription drug plans, the costs of anti-cancer medications through the medical plan are similar to slightly higher than anti-cancer medications through the prescription drug plan. Slightly higher costs are associated with the administration of the drugs in doctor offices, hospitals and infusions centers through the medical plan. HCP assumes a modest increase in medications administered through the medical plan based on this legislation. The fiscal impact is unknown, greater than \$100,000.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the DIFP for review along with a \$50 filing fee. The number of insurance companies writing these types of policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

ASSUMPTION (continued)

In response to a similar proposal from last session, SB 308, officials from the **Missouri Department of Transportation (MoDOT)** stated the legislation uses the definitions of "health benefit plan" and "health carrier" in section 376.1350, RSMo, for purposes of this section. The MoDOT/MHP (Missouri State Highway Patrol) Medical Plan does not fall under either of these definitions, but section 104.801, RSMo, 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 shall also apply to the Medical Plan. This proposal would provide for specific services--i.e. cancer treatment medications, so it would likely apply to the Medical Plan.

Independent Pharmaceutical Consultants, Inc. (IPC) reviewed the legislation on behalf of the MoDOT/MSHP Medical Plan. According to IPC's review, the legislation presents a complication to the Plan. The intravenously administered cancer treatments are covered under the MoDOT medical plan with the medical plan copayment and coinsurance levels. The oral cancer agents are generally covered under the pharmacy benefit, often with maximum copayment, which differs from the medical plan levels.

It is our understanding the Plan would need to stop covering the oral cancer treatments in the prescription drug benefit and cover them only through the medical benefit, which could have some financial impact to the Plan and the member. The medical benefit is not intended to handle pharmacy claims for oral dosage forms, as intravenously administered treatments are office administered, and they do not have the same negotiated prices as in the prescription benefit. This complexity for the member seeking coverage may be a concern and could add cost to the plan and/or member.

Therefore, the proposal could have a financial impact to the plan. The impact cannot be determined based on the language provided. Based on impact to the Plan, rates may increase, which may impact the Missouri Highway Transportation Commission (MHTC). MoDOT assumes an unknown fiscal impact exceeding \$100,000 per year.

Oversight assumes the costs estimated by MCHCP would be distributed across state funds in the following percentages:

| | |
|------------------|-----------------------------|
| General Revenue | 61% of \$100,000 = \$61,000 |
| Other State Fund | 15% of \$100,000 = \$15,000 |
| Federal Funds | 24% of \$100,000 = \$24,000 |

Oversight assumes the provisions of this proposal would become effective January 1, 2014; therefore, we will reflect six months of impact in FY 2014.

| <u>FISCAL IMPACT - State Government</u> | FY 2014 (6 Mo.) | FY 2015 | FY 2016 |
|---|---|--|--|
| GENERAL REVENUE FUND | | | |
| <u>Costs - MCHCP</u> | | | |
| Increase in state share of health care costs | <u>(Unknown greater than \$30,500)</u> | <u>(Unknown greater than \$61,000)</u> | <u>(Unknown greater than \$61,000)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(Unknown greater than \$30,500)</u> | <u>(Unknown greater than \$61,000)</u> | <u>(Unknown greater than \$61,000)</u> |
| INSURANCE DEDICATED FUND | | | |
| <u>Income - DIFP</u> | | | |
| From filing fees | <u>Up to \$5,000</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND | <u>Up to \$5,000</u> | <u>\$0</u> | <u>\$0</u> |
| ROAD FUND | | | |
| <u>Costs - MoDOT</u> | | | |
| Increase in state share of health care costs | <u>(Unknown greater than \$50,000)</u> | <u>(Unknown greater than \$100,000)</u> | <u>(Unknown greater than \$100,000)</u> |
| ESTIMATED NET EFFECT ON ROAD FUND | <u>(Unknown greater than \$50,000)</u> | <u>(Unknown greater than \$100,000)</u> | <u>(Unknown greater than \$100,000)</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2013 (6 Mo.) | FY 2014 | FY 2015 |
|--|---|---|---|
| OTHER STATE FUNDS | | | |
| <u>Costs - MCHCP</u> | | | |
| Increase in state share of health care costs | <u>(Unknown greater than \$7,500)</u> | <u>(Unknown greater than \$15,000)</u> | <u>(Unknown greater than \$15,000)</u> |
| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | <u>(Unknown greater than \$7,500)</u> | <u>(Unknown greater than \$15,000)</u> | <u>(Unknown greater than \$15,000)</u> |
| FEDERAL FUNDS | | | |
| <u>Costs - MCHCP</u> | | | |
| Increase in state share of health care costs | <u>(Unknown greater than \$12,000)</u> | <u>(Unknown greater than \$24,000)</u> | <u>(Unknown greater than \$24,000)</u> |
| ESTIMATED NET EFFECT ON FEDERAL FUNDS | <u>(Unknown greater than \$12,000)</u> | <u>(Unknown greater than \$24,000)</u> | <u>(Unknown greater than \$24,000)</u> |
| <u>FISCAL IMPACT - Local Government</u> | | | |
| | FY 2014 (6 Mo.) | FY 2015 | FY 2016 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

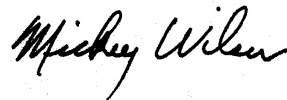
Currently, insurers often require different out of pocket costs for oral and intravenously administered chemotherapy treatments, often requiring higher payments for oral chemotherapy treatments. This proposal requires insurers that already offer coverage for both treatment options to require the same out of pocket costs for each and forbids the raising of out of pocket costs for intravenously administered treatments to meet the requirement.

This proposal has an emergency clause.

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

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Social Services
Department of Mental Health
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Department of Public Safety - Missouri Highway Patrol
Department of Transportation



Mickey Wilson, CPA
Director
January 27, 2014

Ross Strobe
Assistant Director
January 27, 2014