

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3729-03
Bill No.: CCS for HCS for SB 551
Subject: Insurance - General; Department of Commerce and Insurance; Department of Health and Senior Services
Type: Original
Date: May 14, 2020

Bill Summary: This proposal modifies provisions relating to insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some of the agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§194.320 - Anatomical gifts to persons with disabilities

In response to a similar proposal from this year (SB 712), officials from the **University of Missouri Health Care** have reviewed the proposed legislation and determined that, as written, it should not create expenses in excess of \$100,000 annually.

Oversight notes, based on conversations with University of Missouri Health Care officials, expenses expected to be less than \$100,000 annually are considered absorbable within current funding levels. Therefore, for fiscal note purposes, Oversight assumes no fiscal impact for the University of Missouri Health Care.

In response to a previous version, officials from the **Department of Commerce and Insurance** and **Department of Health and Senior Services** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes the **Department of Mental Health** and the **Office of State Courts Administrator** have each stated in a similar proposal (SB 712) that the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

ASSUMPTION (continued)

§303.200 - Regulation of residual insurance market entities

In response to a previous version, officials from the **Department of Commerce and Insurance (DCI)** assume the proposal will have no fiscal impact on their organization.

Officials from DCI stated that there is no fiscal impact to DCI because these high risk pools are currently already in operation and the department is already overseeing their operations. This legislation will not change or alter how the department oversees these operations.

The language updates the organizational structure of the governing bodies of these high risk pools and provides personal liability protection to those serving at no compensation on these non-profit Boards and Commissions. Recent litigation around the country has revealed personal liability exposure for these non-compensated Board members. This language is intended to protect the individual board members from their personal liability; any professional liability arising through their official acts would still be covered by the high risk pools themselves.

As to the auto insurance high risk pool plan legislative language, this language allows the plan to change how policies are administered - by adding additional approved contractual arrangements. It adds provisions into the statute regarding assessments; however, that language reflects what was already within the approved Plan of Operation and reflects no change in how assessments for the auto high risk pool have been administered since its inception in the 1950s.

The current contract administrator for the private passenger auto insurance high risk pool, which contracted under the previous statutory language, has given formal notice they intend to terminate their contract. This language will allow the high risk pool to contract with other entities to continue servicing private passenger auto policies in the high risk pool.

Again, these provisions have no fiscal impact to the DCI.

In response to a similar proposal from this year (SB 779), from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

ASSUMPTION (continued)

§375.782 - Breast Cancer Screening and Evaluation

In response to a previous version, officials from the **Department of Commerce and Insurance** and the **Department of Health and Senior Services** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (HB 2468), officials from the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Department of Public Safety - Missouri Highway Patrol** and the **Department of Social Services** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§376.1590 - Living Organ Donors

In response to a previous version, officials from the **Department of Health and Senior Services (DHSS)** stated that this proposal requires the Department of Health and Senior Services to make materials provided to it by a "recognized live organ donation organization" available to the public. The department assumes that the materials being made available to the public under Section 376.1590.3(2) would be made available electronically on the Organ and Tissue Donor Program web pages. Placing educational materials on the Organ and Tissue Donor Program web pages is a part of the normal ebb and flow of current work by staff.

Therefore, the Department anticipates being able to absorb these costs. However, until the FY21 budget is final, the Department cannot identify specific funding sources.

Oversight notes that the DHSS has stated their agency anticipates being able to absorb cost related to the proposal. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Officials from the **Department of Commerce and Insurance (DCI)** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the DCI has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

ASSUMPTION (continued)

§§379.402 - 379.404 - Inducements to insurance

In response to a similar proposal from this year (HCS/HB Nos. 1634 & 2085), officials from the **Department of Commerce and Insurance**, the **Office of Administration**, the **Missouri Department of Conservation** and the **Department of Transportation** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

In response to a similar proposal from this year (HCS/HB Nos. 1634 & 2085), officials from the **Department of Labor and Industrial Relations** deferred to the Office of Administration to estimate the fiscal impact of the proposed legislation on their organization.

§§379.860 - 383.175 - Regulation of residual insurance market entities

In response to a previous version, officials from the **Department of Commerce and Insurance (DCI)** assumed the proposal will have no fiscal impact on their organization.

Officials from DCI state that there is no fiscal impact to DCI because these high risk pools are currently already in operation and the department is already overseeing their operations. This legislation will not change or alter how the department oversees these operations.

The language updates the organizational structure of the governing bodies of these high risk pools and provides personal liability protection to those serving at no compensation on these non-profit Boards and Commissions. Recent litigation around the country has revealed personal liability exposure for these non-compensated Board members. This language is intended to protect the individual board members from their personal liability; any professional liability arising through their official acts would still be covered by the high risk pools themselves.

As to the auto insurance high risk pool plan legislative language, this language allows the plan to change how policies are administered - by adding additional approved contractual arrangements. It adds provisions into the statute regarding assessments; however, that language reflects what was already within the approved Plan of Operation and reflects no change in how assessments for the auto high risk pool have been administered since its inception in the 1950s.

ASSUMPTION (continued)

The current contract administrator for the private passenger auto insurance high risk pool, which contracted under the previous statutory language, has given formal notice they intend to terminate their contract. This language will allow the high risk pool to contract with other entities to continue servicing private passenger auto policies in the high risk pool.

Again, these provisions have no fiscal impact to the DCI.

Bill as a whole:

In response to a previous version, officials from the **Joint Committee on Administrative Rules (JCAR)** stated this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

In response to a previous version, officials from the **Department of Public Safety - Missouri Highway Patrol** deferred to the Department of Transportation to estimate the fiscal impact of the proposed legislation on their respective organization.

In response to a previous version, officials from the **Department of Transportation**, the **Office of Administration** and the **Department of Revenue** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small insurance companies may be impacted by this proposal.

FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Health and Senior Services
Department of Mental Health
Office of the State Courts Administrator
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Department of Public Safety
 Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Department of Labor and Industrial Relations
Department of Transportation
Office of Administration
Department of Revenue



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