

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5544S.02I
 Bill No.: SB 1263
 Subject: Children and Minors; Health Care; Insurance - Health; Medicaid/MO HealthNet;
 Medical Procedures and Personnel
 Type: Original
 Date: March 30, 2026

Bill Summary: This proposal establishes "Colton's Law" relating to certain pediatric disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Could exceed (\$209,600)	(\$159,600)	(\$159,600)
Total Estimated Net Effect on General Revenue	Could exceed (\$209,600)	(\$159,600)	(\$159,600)

*Oversight notes the cost could exceed \$250,000 in FY 2027 due to the unknown cost of the actuarial analysis.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Other State Funds	(\$37,125)	(\$37,125)	(\$37,125)
State Road Fund (1320)	(\$75,000)	(\$75,000)	(\$75,000)
Conservation Commission Fund (1609)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on Other State Funds	(Could exceed 112,125)	(Could exceed 112,125)	(Could exceed 112,125)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Federal Funds	(\$53,275)	(\$53,275)	(\$53,275)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$53,275)	(\$53,275)	(\$53,275)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Unknown number of members utilizing new health benefit coverage.

FISCAL ANALYSIS

ASSUMPTION

§§208.152 and 376.1293 - "Colton's Law"

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state, as MCHCP is not a health care plan under the definition of 376.1350, this legislation would not apply to MCHCP using that definition. However, section 104.801 requires MCHCP to follow any law which mandates coverage of specific health benefits, services, or providers. Since this legislation does mandate benefits, services, or providers it would apply to MCHCP.

This bill would require coverage for medically necessary physician-prescribed treatment for pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS) and pediatric acute onset neuropsychiatric syndrome (PANS). This legislation goes on to list six treatments that must be covered, one of which is not covered today by MCHCP.

The potential fiscal impact of SB 1263 is estimated to be approximately \$250,000.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MCHCP.

Oversight assumes requiring coverage for medically necessary physician-prescribed treatment for PANDAS and PANS could increase health insurance costs for insurance plans. Oversight assumes the cost could be \$250,000 based on MCHCP's response. Therefore, Oversight will the fiscal impact as provided by MCHCP as the following:

General Revenue (63.84%): (\$159,600)

Federal Funds (21.31%): (\$53,275)

Other Funds (14.85%): (\$37,125)

Total: (\$250,000)

Officials from the **Missouri Department of Transportation (MoDOT)** state this bill requires MO HealthNet plus private health insurance carriers to cover medically necessary physician-prescribed treatment for pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS) and pediatric acute-onset neuropsychiatric syndrome (PANS). The impact to the MoDOT-MSHP medical plan is estimated to be \$75,000 annually.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MoDOT.

Officials from the **City of Kansas City** state the proposed legislation has a potential negative fiscal impact of an indeterminate amount.

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal will have no fiscal impact on their organization.

Oversight notes, although MDC assumes no impact as a result of this proposal, Oversight assumes this provision could have a fiscal impact on MDC as well as other government health plans. Since it is unknown if this legislation will increase costs or not, Oversight will reflect a \$0 to Unknown fiscal impact to the Conservation Commission Fund (1609) and local political subdivisions.

Officials from the **Department of Commerce and Insurance (DCI)** state for Section 376.1293 the Affordable Care Act (ACA) requires all non-grandfathered individual and small group health plans to cover a core set of healthcare services within 10 essential health benefit (EHB) categories. In 2012, Missouri, like other states, adopted a benchmark plan that defined the core benefits these plans must offer in the state. The ACA also requires that the cost of a new coverage mandate added by a state after adoption of its benchmark plan that is above and beyond the EHB benchmark will be the responsibility of the state.

45 C.F.R 155.170 requires states to defray the cost of additional required benefits mandated by a state on or after January 1, 2012. States may require qualified health plans to offer benefits in addition to essential health benefits. States will identify which state-required benefits are in addition to the EHB, and must make payments to defray the cost of additional benefits either to enrollees in qualified health plans or directly to the qualified health plans, on behalf of their enrollees.

Documentation provided by the U. S. Department of Health and Human Services, Center for Consumer Information & Insurance Oversight (CCIIO) in October 2018 instructed states as follows:

[A]lthough it is the state's responsibility to identify which state required benefits require defrayal, states must make such determinations using the framework finalized at §155.170, which specifies that benefits required by state action taking place on or before December 31, 2011, may be considered EHB, whereas benefits required by state action taking place after December 31, 2011, other than for purposes of compliance with federal requirements, are in addition to EHB and must be defrayed by the state. For example, a law requiring coverage of a benefit passed by a state after December 31, 2011, is still a state-mandated benefit requiring defrayal even if the text of the law says otherwise.

This proposal requires, in pertinent part, that "Each health carrier or health benefit plan that offers or issues health benefit plans that are delivered, issued for delivery, continued, or renewed in this state on or after January 1, 2027, shall provide coverage for medically necessary diagnosis, evaluation, and treatment of pediatric autoimmune neuropsychiatric disorders

associated with streptococcal infections and pediatric acute onset neuropsychiatric syndrome.” It goes on to outline particular therapies that must be covered, including plasma exchange and intravenous immunoglobulin therapy. Since the proposal requires coverage of intravenous immunoglobulin, which is currently not a mandated coverage in Missouri, the state may be required to defray the actuarial cost of the new coverage requirement and make payments to either issuers or beneficiaries to negate potentially increased premiums. DCI does not know the increased utilization that may be created by the provisions of this bill. As a result, there is a zero to unknown negative impact to General Revenue.

In 2011, the Missouri General Assembly enacted section 376.1190, which states that “any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the oversight division of the joint committee on legislative research. The oversight division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted.”

Officials from the **Oversight Division** notes in 2011, the Missouri General Assembly enacted section 376.1190, which states that “any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the oversight division of the joint committee on legislative research. The oversight division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted.”

The customary process for an actuarial analysis involves Oversight contracting with an outside firm who will request experience data from the largest insurance carriers in the State of Missouri. Since current law (§376.1190) requires any “proposed” mandate receive an actuarial analysis, the timing may not allow for such in-depth reviews. In 2013 Oversight contracted with a company to perform an actuarial analysis for Senate Bill 262, Senate Bill 159, and Senate Bill 161. Due to the timing of the analysis, the company noted requesting outside data was not possible. This limited analysis in 2013 cost almost \$25,000. Given the cost increases over the last ten years, the varying degree of available information to the outside firm and the potential for more in-depth analysis if the information and timing allow, Oversight can easily assume that a current analysis “could exceed \$50,000”.

The Oversight Division does not currently have the appropriation to cover the costs of an actuarial analysis and would need to request such additional funding through the budget process.

Officials from the **Department of Health and Senior Services, Department of Social Services, and Oversight Division** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

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

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – MCHCP (§376.1293) Pediatric care p.3</u>	(\$159,600)	(\$159,600)	(\$159,600)
<u>Cost - Oversight Division (§376.1293) Actuarial analysis for pediatric care p.</u>	Could exceed (\$50,000)	\$0	\$0
ESTIMATED NET EFFECT TO GENERAL REVENUE	Could exceed (\$209,600)	(\$159,600)	(\$159,600)
OTHER STATE FUNDS			
<u>Cost – MCHCP (§376.1293) Pediatric care p.3</u>	(\$37,125)	(\$37,125)	(\$37,125)
ESTIMATED NET EFFECT TO OTHER STATE FUNDS	(\$37,125)	(\$37,125)	(\$37,125)
STATE ROAD FUND (1320)			
<u>Cost – MoDOT (§376.1293) Pediatric care p.3</u>	(\$75,000)	(\$75,000)	(\$75,000)
ESTIMATED NET EFFECT ON STATE ROAD FUND	(\$75,000)	(\$75,000)	(\$75,000)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
CONSERVATION COMMISSION FUND (1609)			
<u>Cost – MDC (§376.1293) Pediatric care p.4</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
FEDERAL FUNDS			
<u>Cost – MCHCP (§376.1293) Pediatric Care p.3</u>	<u>(\$53,275)</u>	<u>(\$53,275)</u>	<u>(\$53,275)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(\$53,275)</u>	<u>(\$53,275)</u>	<u>(\$53,275)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
*LOCAL POLITICAL SUBDIVISIONS			
<u>Cost – Medical Plans (§376.1293) Enrollee’s cost sharing for pediatric care p.3</u>	\$0 to <u>(Unknown)*</u>	\$0 to <u>(Unknown)*</u>	\$0 to <u>(Unknown)*</u>
<u>Cost - Local Political Subdivisions (§376.1293) Increased medical insurance obligations p.4</u>	\$0 or <u>(Unknown)*</u>	\$0 or <u>(Unknown)*</u>	\$0 or <u>(Unknown)*</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>

***Oversight** assumes this proposal could result in a cost to the MoDOT-MSHP and local medical plans that could potentially be passed on to members.

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act establishes "Colton's Law." Under this act, MO HealthNet and private health insurance carriers and health benefit plans for plans delivered, issued for delivery, continued, or renewed on or after January 1, 2027, shall provide coverage for medically necessary physician-prescribed treatment for pediatric autoimmune neuropsychiatric disorders associated with streptococcal infections (PANDAS) and pediatric acute-onset neuropsychiatric syndrome (PANS). Coverage shall include antibiotics, medications, behavioral therapies, immunomodulating medicines, plasma exchange, and intravenous immunoglobulin therapy, to the extent described in the act and subject to no greater copayments, coinsurance, or deductibles than similar benefits provided by the health carrier or benefit plan.

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 Public Safety - Missouri Highway Patrol
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Oversight Division
City of Kansas City



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