

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3574-02
BILL NO.: SCS for SB 807, 553, 574, 614, 747, and 860
SUBJECT: Insurance - Medical; Insurance - Life; Licenses - Professional; Economic Development; Insurance - General; Taxation and Revenue - General; Nurses; Health Care; Health Care Professionals; Medical Procedures and Personnel; Hospitals; Physicians; Administrative Rules; Insurance Department
TYPE: Original
DATE: February 18, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$964,504)	(\$964,504)	(\$964,504)
Insurance Dedicated	(\$21,167)	(\$46,090)	(\$47,259)
County Foreign Insurance	\$0	\$0	\$0
Athletic	(\$13,230)	(\$15,877)	(\$15,877)
Total Estimated Net Effect on <u>All</u> State Funds	(\$998,901)	(\$1,026,471)	(\$1,027,640)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Revenues and expenditures are expected to be less than \$100,000 annually and net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS
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FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(\$964,504)	(\$964,504)	(\$964,504)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 9 pages.

FISCAL ANALYSIS

ASSUMPTION

SECTION 148.400

Officials from the **Department of Revenue** assume this portion of the proposal would not fiscally impact their agency.

Officials from the **Office of Administration - Budget and Planning** deferred to the estimates provided by the INS.

Officials from the **Department of Insurance (INS)** state that the tax credits the department has used in estimating the loss of revenue on are Examination fees. The tax credits carried forward are estimated based on this information.

Tax Credit	Estimated Tax Carried Forward
Examination Fee	\$1,929,009

In addition to one Accountant to verify and track the tax credits being carried forward, the department would need to re-write the premium tax credit sub-system using a relational database system to allow for accounting of the tax credits and carryover. This would require approximately 760 hours of programming and IT staff time to implement. The department would attempt to accomplish this using existing staff, but it may be necessary to contract for some of the programming time. Contract programming averages \$125 per hour and additional appropriation may be requested if needed to implement this proposal.

SECTION 317.001

Department of Economic Development (DED) officials assume a reduction in revenue, based on FY 1999 fees collected, of \$15,877 from events promoted by small business boxing
ASSUMPTION (continued)

promoters from the Athletic Fund. This reflects an assumption that the number of licenses would

reduce due to the requirements of this portion of the proposal.

SECTION 335.018

Officials from the **Department of Conservation**, the **Department of Economic Development - Division of Professional Registration**, and the **Department of Transportation** assume this portion of the proposal would not fiscally impact their agencies.

Department of Insurance (INS) officials state that they anticipate that current appropriations and staff would be able to absorb the work for implementation of this portion of the proposal. However, if additional proposals are approved during the legislative session, INS may need to request an increase in appropriations due to the combined effect of multiple proposals.

INS states there are 259 health insurers and 30 HMOs that offer health insurance coverage. INS states that of the health insurers, many offer coverage through out-of-state trusts which are not typically subject to such mandates. INS estimates that 171 health insurers and 30 HMOs would each submit one policy form amendment resulting in revenues of \$10,050 to the Insurance Dedicated Fund.

Officials from the **Department of Social Services (DOS)** assume that the registered nurse first assistant is a registered nurse trained to assist in surgery. DOS also assumes that no new services would be covered by the Medicaid program because of this proposal. However, an increase in costs is anticipated from an increase in providers participating in the Medicaid program. DOS states that registered first assistants are not currently enrolled as separate provider groups. DOS states that their services are covered and reimbursed to hospitals and ambulatory surgical centers as part of their costs. DOS assumes that the registered nurse first assistants would enroll and participate in the Medicaid program. DOS assumes the fiscal impact is unknown; however, the cost is expected to be greater than \$100,000. An example of the higher cost anticipated from this proposal: if payments to registered nurse first assistants equal payments made to advanced nurse practitioners in FY 99, the cost would be \$1.1 million. DOS assumes the department would first incur costs in FY 01 (effective date is January 1, 2000); time is needed to establish criteria for enrollment in the Medicaid program.

Missouri Consolidated Health Care Plan (HCP) officials did not respond to our fiscal note request. However, in responding to a similar request in a previous session they assumed that in many instances providing coverage for these healthcare providers would not generate additional costs but rather shift costs among provider types. HCP assumed the proposal would have no ASSUMPTION (continued)

fiscal impact. HCP further stated that in some rural areas where access to physicians is limited there could be some additional costs because of the availability of a new provider group. HCP

stated that some of those costs, however, could be offset by an increase in preventive care. HCP assumed it would be expected that any overall cost increase would be minimal.

Oversight notes that there are approximately 1,100 certified nurse first assistants nationwide. Oversight assumes that teaching hospitals would not use a certified nurse first assistant. Oversight assumes that the cost would be less than \$100,000 annually.

SECTION 376.1364

Officials from the **Department of Social Services**, the **Department of Transportation**, the **Department of Insurance**, the **Missouri Consolidated Health Care Plan**, the **Department of Conservation**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this portion of the proposal would not fiscally impact their agencies.

SECTION 376.1405

Officials from the **Department of Public Safety - Missouri State Highway Patrol**, the **Office of Administration**, the **Department of Conservation**, and the **Department of Transportation** assume this portion of the proposal would not fiscally impact their agencies.

Department of Insurance (INS) officials anticipate that current appropriations would be able to absorb the expense of task force meetings, etc., but depending on number of meetings and locations, INS may need to request an increase in appropriations.

Officials from the **Missouri Consolidated Health Care Plan** state this portion of the proposal would require some administrative cost to the carriers which may be passed along in the premiums. However, any impact should be minimal.

Department of Corrections (DOC) officials did not respond to our fiscal note request. However, in responding to similar proposal last session, DOC responded they assumed there would be no fiscal impact to their agency.

Oversight assumes the **Office of Secretary of State (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 appropriations process. Any decisions to raise fees to defray costs would likely be ASSUMPTION (continued)

made in subsequent fiscal years.

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Loss - Department of Insurance</u>			
Carryover of premium tax credits	(\$964,504)	(\$964,504)	(\$964,504)
<u>Costs - Department of Social Services</u>			
Medical assistance payments*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 <u>(\$964,504)</u>	 <u>(\$964,504)</u>	 <u>(\$964,504)</u>

*Expected to be less than \$100,000 annually.

INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>			
Filing fees	<u>\$20,100</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs - Department of Insurance</u>			
Personal service (1 FTE)	(\$23,924)	(\$29,439)	(\$30,175)
Fringe benefits	(\$10,642)	(\$13,096)	(\$13,423)
Expense and equipment	<u>(\$6,701)</u>	<u>(\$3,555)</u>	<u>(\$3,661)</u>
Total <u>Costs</u> - Department of Insurance	<u>(\$41,267)</u>	<u>(\$46,090)</u>	<u>(\$47,259)</u>
 ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	 <u>(\$21,167)</u>	 <u>(\$46,090)</u>	 <u>(\$47,259)</u>

COUNTY FOREIGN INSURANCE FUND

<u>Savings - Department of Insurance</u>			
Less distributions to local political subdivisions	\$964,504	\$964,504	\$964,504

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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Loss - Department of Insurance</u>			
Carryover of premium tax credits	<u>(\$964,504)</u>	<u>(\$964,504)</u>	<u>(\$964,504)</u>
 ESTIMATED NET EFFECT ON COUNTY FOREIGN INSURANCE FUND	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>

ATHLETIC FUND

<u>Loss - Department of Economic Development</u>			
Event fees	<u>(\$13,230)</u>	<u>(\$15,877)</u>	<u>(\$15,877)</u>
 ESTIMATED NET EFFECT ON ATHLETIC FUND	 <u>(\$13,230)</u>	 <u>(\$15,877)</u>	 <u>(\$15,877)</u>

FEDERAL FUNDS

<u>Income - Department of Social Services</u>			
Medicaid reimbursements	Unknown	Unknown	Unknown
 <u>Costs - Department of Social Services</u>			
Medical assistance payments	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 ESTIMATED NET EFFECT ON FEDERAL FUNDS*	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>

***Revenues and expenditures are
 expected to be less than \$100,000
 annually and net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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LOCAL POLITICAL SUBDIVISIONS

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Loss - Local Political Subdivisions</u>			
Less distributions from County Foreign Insurance Fund	<u>(\$964,504)</u>	<u>(\$964,504)</u>	<u>(\$964,504)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(\$964,504)</u>	<u>(\$964,504)</u>	<u>(\$964,504)</u>

FISCAL IMPACT - Small Business

Small insurance companies that have unused premium tax credits would be fiscally impacted to the extent they could use the credits in future years.

Boxing promoters could have administrative duties and costs for premiums on insurance policies.

Small medical business practices would be expected to be fiscally impacted to the extent they would incur increased revenues as a result of this proposal. In addition, small businesses with health plans would be expected to be fiscally impacted to the extent that they would incur changes in insurance premium rates.

Small health carriers may be fiscally impacted to the extent that they would incur additional administrative costs as a result of the requirements of this proposal.

Small insurance companies and small health maintenance organizations would be expected to be fiscally impacted to the extent they would incur additional administrative costs due to the requirements of this proposal.

DESCRIPTION

This proposal would allow insurance companies to carry over deductions for examination fees to subsequent tax years.

This proposal would require a professional boxing promoter to file proof of insurance of not less than \$100,000 for each boxer with the Department of Economic Development. If the promoter does not file proof of insurance, it would not be issued a permit or license to promote professional boxing matches. The insurance policy would cover any medical expense associated with a boxing injury. The insurance policy would also pay the boxer's estate if the boxing injury results in death. The proof of insurance requirements would not apply to not for profit

organizations sponsoring boxing contests.

This proposal would require specific health plans to cover all services provided or ordered by registered nurse first assistants. Section 335.018 would define a "registered nurse first assistant" (RNFA) as a registered nurse, licensed in Missouri, who has received additional certification through a nationally-recognized professional organization to become a RNFA or who meets the criteria for RNFAs established by the Missouri State Board of Nursing. If so certified, then all services provided by RNFAs would be covered by the specified health plans.

This proposal would require certain insurance companies to authorize or deny coverage for surgical procedures within certain time limits. These companies would reply to an enrollee's surgeon or primary care physician within forty-eight hours regarding the enrollee's eligibility for a surgery that has been pre-approved by the enrollee's physician. If the enrollee would be deemed eligible for the surgical procedure, then the insurance company would be bound to its decision for thirty days following notification to the enrollee or to the enrollee's physician. Coverage of the surgical procedure would be subject to the same terms and conditions as applicable to other benefits.

This proposal would require health insurance carriers to use standardized forms for the explanation of benefits and referrals. Health carriers would be required to use the explanation of Medicare Benefits Part B form for the explanation of benefits. The standardized referral form would be developed by a task force established by the Department of Insurance. The standardized forms would be used by health insurance carriers and providers after January 1, 2002.

This proposal would prohibit a health carrier from retracting its authorization of health care services unless that health carrier's coverage would be secondary to other valid insurance coverage. This proposal would also define the term "authorization for the purposes of utilization review."

DESCRIPTION (continued)

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

SOURCES OF INFORMATION

Department of Insurance
Missouri Consolidated Health Care Plan
Department of Social Services
Department of Conservation

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Department of Transportation
Department of Public Safety
Missouri State Highway Patrol
Department of Economic Development
Division of Professional Registration
Department of Revenue
Office of Administration
Division of Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA
Director
February 18, 2000