

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0793-01
Bill No.: SB 194
Subject: Insurance - Medical; Insurance Department
Type: Original
Date: January 30, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
All Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** and the **Department of Conservation** assume this proposal would not fiscally impact their agencies.

Department of Social Services (DOS) officials state there is no fiscal impact to the Division of Medical Services (DMS) assuming Medicaid managed care plans can continue to prior authorize medications on the drug formulary as they currently are able to do. DOS also assumes the DMS can increase co-pays for the 1115 waiver premium group as allowed under section 208.640.

Officials from the **Department of Insurance (INS)** state this proposal would prohibit health insurers from removing coverage for prescription drugs already on a formulary and from raising an enrollee's co-payment, co-insurance or other out-of-pocket expense for formulary drugs except on the policy annual anniversary date. INS states the proposal may require some insurers to file amendments to policy forms or contracts if they contain language contrary to the proposal. The number of insurers would not be significant and the impact to the department would be minimal for this single proposal.

Missouri Consolidated Health Care Plan (HCP) officials state the HCP board establishes the contract cost sharing benefits. Any health maintenance organization that contracts with HCP agrees to these contract terms. Therefore, the health maintenance organization would not be able to change this aspect of the prescription drug benefit and there would be little if any fiscal impact during the current contract year. Not being able to change the formulary drugs would not have an immediate cost impact. However, upon subsequent renewals, the health plans may adjust their premiums to reflect any lost savings in the previous year due to the inability to remove a more costly brand from the formulary when a generic is available. HCP's PPO and Copay plans are self-funded. The impact of any expenses incurred from the inability to adjust the formulary would be immediate. The cost impact is not possible to calculate since it cannot be determined at this time what, if any, formulary drugs may change for each of the HMOs and/or the self-insured plans.

Officials from the **Department of Public Safety - Missouri State Highway Patrol (MHP)** did not respond to our fiscal impact request. However, in response to a similar proposal from last session MHP assumed no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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ALL FUNDS

Costs - Missouri Consolidated Health
 Care Plan

Increase in state contributions	(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT ON ALL
 FUNDS**

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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LOCAL POLITICAL SUBDIVISIONS

Costs - Local Political Subdivisions

Increase in premium contributions	(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED NET EFFECT ON
 LOCAL POLITICAL SUBDIVISIONS**

<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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FISCAL IMPACT - Small Business

Small health maintenance organizations (HMO) could be affected by this proposal.

DESCRIPTION

This proposal would prohibit health carriers from changing their drug formularies except at the beginning of the policy anniversary date or pursuant to a FDA recommendation. The health carrier may add new prescription drugs to its formulary. The health carrier may not increase an enrollee's co-payment or other out of pocket expenses except at the beginning of the policy annual anniversary date.

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

MW:LR:OD (12/00)

SOURCES OF INFORMATION

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

NOT RESPONDING: Department of Public Safety - Missouri State Highway Patrol

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director

January 30, 2001