

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0164-01
Bill No.: HB 30
Subject: Health Care; Health, Public; Insurance - Medical
Type: Original
Date: December 22, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Unknown exceeding \$32,305)	(Unknown exceeding \$64,610)	(Unknown exceeding \$64,610)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$32,305)	(Unknown exceeding \$64,610)	(Unknown exceeding \$64,610)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated	\$8,000	\$0	\$0
Patrol Highway	(Unknown)	(Unknown)	(Unknown)
MoDOT Highway	(Unknown)	(Unknown)	(Unknown)
All Other	(Unknown exceeding \$7,245)	(Unknown exceeding \$14,490)	(Unknown exceeding \$14,490)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown exceeding \$14,490)	(Unknown exceeding \$14,490)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Federal	(Unknown exceeding \$10,450)	(Unknown exceeding \$20,900)	(Unknown exceeding \$20,900)
Total Estimated Net Effect on <u>All</u> Federal Funds	(Unknown exceeding \$10,450)	(Unknown exceeding \$20,900)	(Unknown exceeding \$20,900)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation** and **Department of Social Services** assume the proposal would not fiscally impact their organizations.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the fiscal impact of the proposal on their organization.

Officials from the **Missouri Department of Transportation (DOT)** state the proposal mandates coverage for phases I and II of a clinical trial when undertaken for the purposes of the prevention, early detection or treatment of cancer. The proposal will have no fiscal impact on the Missouri Highways and Transportation Commission (MHTC) or DOT. The Highway and Patrol Medical Plan is not within the definition of a health benefit plan but section 104.801 RSMO, would require the medical plan to offer similar coverage. Currently the Medical Plan is mandated to cover phases III and IV of a clinical trial and not phases I and II.

Based on information from the American Cancer Societies' website, DOT found that phase I of clinical trials are the first studies of a new treatment or drug that involve people as participants.

ASSUMPTION (continued)

The studies usually include small numbers of people and are usually reserved for individuals who do not have good treatment options left to them. Phase I is to determine a treatment's safety. If a new treatment is found to be reasonably safe in phase I, the treatment can then be tested for effectiveness in a Phase II clinical trial. Phase II clinical trials include a somewhat larger group of patients and are used to determine a treatment's effectiveness. Currently, both phase I and II of clinical trials would be considered investigational under the Highway and Patrol Medical Plan and would not be a covered benefit.

DOT is assuming that if health carriers are required to cover the costs of services and drugs in phases I and II of clinical trials, that pharmaceutical and biotechnology companies and other cooperative groups that conduct and sponsor these studies would no longer pay for any of the related costs to conduct the trials. Assuming this is true, DOT feels the impact to the Medical Plan would be very significant. Without knowing the types of drugs, devices or services necessary to conduct the trials or how many individuals would participate, it is impossible to calculate an exact fiscal impact to the Medical Plan, but DOT assumes it would be over \$100,000 annually.

Historically, the DOT and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the Medical Plan, MHTC, DOT, and Patrol must make a decision on how to fund any increase.

Oversight is presenting unknown costs for General Revenue, Patrol Highway Fund, MoDOT Highway Fund and All Other State Funds. Total costs to all funds are unknown expected to exceed \$100,000 annually.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state many insurers believe requiring the medical plan to cover clinical trials for cancer and other life threatening conditions could result in an increase in the plan's financial risk. Insurers believe due to varying treatments, more physician visits, more expensive test and more pathology reports compared to those of non-participants, participants in early phase trials have substantially higher treatment cost. To reduce this risk, the plan may transfer these additional costs to the members through an increase in the premium.

In contrast, some current research suggests that the cost of clinical trials may not significantly differ from the cost for standard cancer treatment. A study by the Association of American Cancer Institutes found that charges for patients in clinical trials were about the same, or even a

ASSUMPTION (continued)

little lower, than those for patients receiving standard care. The study tracked 35 patients in phase II cancer clinical trials and 35 patients receiving standard care who were similar, or matched, to the clinical trials patients.

As is evidenced by the contradicting research, forecasting the consequential financial impact of mandatory coverage of phase I and II cancer trials is extremely difficult and therefore, unknown. However, mandated coverage in general, ends up adding some costs to the plan. An increase in costs is assumed to be greater than \$100,000 annually.

Officials from the **Department of Insurance (INS)** state the INS estimates 160 insurers and HMOs would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the INS for review, along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$8,000.

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

Oversight assumes changes in health plan coverage would be effective January 1, 2006.

This proposal will result in an increase total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Costs - Missouri Department of Transportation</u>			
Increase in insurance contributions	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in state contributions	<u>(Unknown exceeding \$32,305)</u>	<u>(Unknown exceeding \$64,610)</u>	<u>(Unknown exceeding \$64,610)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$32,305)</u>	<u>(Unknown exceeding \$64,610)</u>	<u>(Unknown exceeding \$64,610)</u>
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Policy form amendments	\$8,000	\$0	\$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>
PATROL HIGHWAY FUND			
<u>Costs - Missouri Department of Transportation</u>			
Increase in insurance contributions	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON PATROL HIGHWAY FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
MoDOT HIGHWAY FUND			
<u>Costs - Missouri Department of Transportation</u>			
Increase in insurance contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON MoDOT HIGHWAY FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ALL OTHER STATE FUNDS			
<u>Costs - Missouri Department of Transportation</u>			
Increase in insurance contributions	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in state contributions	<u>(Unknown exceeding \$7,245)</u>	<u>(Unknown exceeding \$14,490)</u>	<u>(Unknown exceeding \$14,490)</u>
ESTIMATED NET EFFECT ON ALL OTHER STATE FUNDS	<u>(Unknown exceeding \$7,245)</u>	<u>(Unknown exceeding \$14,490)</u>	<u>(Unknown exceeding \$14,490)</u>
FEDERAL FUNDS			
<u>Costs - Missouri Consolidated Health Care Plan</u>			
Increase in state contributions	<u>(Unknown exceeding \$10,450)</u>	<u>(Unknown exceeding \$20,900)</u>	<u>(Unknown exceeding \$20,900)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(Unknown exceeding \$10,450)</u>	<u>(Unknown exceeding \$20,900)</u>	<u>(Unknown exceeding \$20,900)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (6 Mo.)	FY 2007	FY 2008
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ALL POLITICAL SUBDIVISIONS

Costs - All Political Subdivisions

Increase in insurance premium contributions	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON ALL POLITICAL SUBDIVISIONS

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

Small businesses could be expected to be fiscally impacted to the extent they incur increased health insurance premiums as a result of the requirements of this proposal.

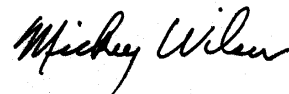
DESCRIPTION

This proposal requires health insurers to cover routine patient care costs incurred as a result of phase I and phase II clinical trials for cancer treatment. Current law requires coverage only for phase III and IV of these trials.

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 Social Services
Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Department of Conservation



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