

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0707-01  
Bill No.: HB 275  
Subject: Education, Higher; Higher Education Dept.; Insurance - Medical  
Type: Original  
Date: February 28, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\* expected to exceed \$100,000.

### FISCAL ANALYSIS

#### ASSUMPTIONS

Officials from the **Department of Higher Education** assume this proposal would not have a direct fiscal impact on their organization. They stated the proposal could have an unknown impact to higher education institutions as the extent to which state appropriations are used to provide healthcare services to students is unknown.

Officials from the **Metropolitan Community Colleges** assume this proposal would have no fiscal impact on their organization because they do not contract for health benefits for their students.

Officials from **Central Missouri State University** assume this proposal would result in a negative fiscal impact of \$600,000 per year.

Officials from **St. Louis Community College** assume this proposal would result in lost revenue of some \$3 million the first year, growing to \$6 million the second year.

Officials from **Moberly Area Community College, Linn State Technical College, and East Central College** assume this proposal would have no fiscal impact on their organizations.

ASSUMPTIONS (continued)

Officials from **Missouri Western State College** assume this proposal would result in a negative fiscal impact of \$81,000 per year.

Officials from **Truman State University** assume the proposal would result in start-up costs of \$35,000 for a new billing system and training for existing staff. They also assume the proposal would result in additional annual cost of \$48,304 for additional staff, and maintenance and training on the new billing system.

Officials from **Lincoln University** (LU) assume the proposal would restrict institutional options for providing health care services to students. LU assumes additional staff would be needed for claim processing and case management, and clinic area modifications would be needed to meet federal Health Insurance Portability and Accountability Act (HIPAA) standards. LU did not provide an estimate of the additional cost.

Officials from the **University of Missouri** (UM) assume this proposal would require significant additional staff to implement and monitor the mandatory health insurance provisions in the proposal. UM did not provide an estimate of the additional cost.

Officials from **Southeast Missouri State University** (SEMO) assume that additional staffing would be needed to provide services required by the proposal, at an estimated annual cost of \$350,000 per year. SEMO currently uses approximately \$250,000 in state funding for the student health and counseling services, with the balance of the funding provided from student fees.

**Oversight** assumes this proposal would create significant additional costs and losses for the public institutions of higher education; however, the proposal would not require any changes to state funds, appropriations, or budgets, so this fiscal note does not include any fiscal impact for the state.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>COMMUNITY COLLEGES</b>			
<u>Loss</u> - Loss of health care revenues.	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - Additional health care costs.	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON COMMUNITY COLLEGES*</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
*Expected to exceed \$100,000			

FISCAL IMPACT - Small Business

This proposal could impact small businesses involved in providing health care or insurance services.

DESCRIPTION

This proposal would establish requirements for the provision of health services at public institutions of higher education. Every public institution of higher education in the state which contracts for or provides health care services at no cost or a reduced cost to students enrolled at the institution would be required to meet the following requirements.

- No state appropriations could be used to provide such services to students; and
- All students enrolled at the institution would be required to select coverage through private health insurance; through a health insurance plan offered by the institution; or through self-insurance.
- Student health care services would be provided on a basis which is cost-neutral to the state.
- Funding for student health care services could be provided by the institution, with the cost to be included in student fees and tuition; and the institution would be required to submit an insurance claim for reimbursement for such services provided to students who maintain private health insurance coverage or enroll in a health insurance plan offered by the institution.

DESCRIPTION (continued)

Every health insurer or health benefit plan licensed to do business in the state would be required to accept claims for reimbursement submitted under the proposal's requirements and would reimburse the institution or an entity contracting with the institution to provide health care services for students. The reimbursement rate would be at the designated rate in the student's health insurance plan or policy for an out-of-network provider if the institution or the entity contracting with the institution is not a network provider of the health insurer or health benefit plan.

If a public institution of higher education or an entity contracting with such institution to provide health care services for students receives insurance reimbursement for health care services provided, such institution or entity could not charge a student for any costs incurred in excess of the amount of reimbursement paid by the student's health insurer or health benefit plan for such services.

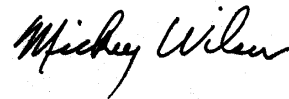
Each public institution of higher education subject to the provisions of this section would submit a report to the general assembly by July first of the third, fourth, and fifth year of implementation of the requirements of this section. Such report would include the following for each year covered in the report:

- (1) The number of students for which a claim of insurance reimbursement was made;
- (2) The total dollar amount of insurance reimbursement collected;
- (3) The total cost of the health care services provided;
- (4) The administrative costs associated with submission of insurance claims; and
- (5) Any recommendations or evaluations of the effectiveness or financial benefits resulting in the submission of insurance claims.

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 Higher Education  
Central Missouri State University  
Lincoln University  
Missouri Western State College  
Southeast Missouri State University  
Truman State University  
University of Missouri  
East Central College  
Linn State Technical College  
Metropolitan Community Colleges  
Moberly Area Community College  
St. Louis Community Colleges



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