

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0142-01  
Bill No.: HB 50  
Subject: Health Care; Insurance - Medical; Insurance Dept.  
Type: Original  
Date: February 5, 2009

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Bill Summary: Requires health insurance coverage for infertility treatments.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
General Revenue	(Could exceed \$2,667,270)	(Could exceed \$7,962,000)	(Could exceed \$7,962,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Could exceed \$2,667,270)</b>	<b>(Could exceed \$7,962,000)</b>	<b>(Could exceed \$7,962,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Insurance Dedicated	\$5,600	\$0	\$0
Highway - Patrol	(Up to \$116,079)	(Up to \$232,158)	(Up to \$232,158)
Road	(Up to \$442,712)	(Up to \$885,423)	(Up to \$885,423)
Other	(Could exceed \$477,720)	(Could exceed \$955,440)	(Could exceed \$955,440)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Could exceed \$472,120)</b>	<b>(Could exceed \$955,440)</b>	<b>(Could exceed \$955,440)</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	(Could exceed \$836,010)	(Could exceed \$1,672,020)	(Could exceed \$1,672,020)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Could exceed \$836,010)</b>	<b>(Could exceed \$1,672,020)</b>	<b>(Could exceed \$1,672,020)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>(Could exceed \$85,500)</b>	<b>(Could exceed \$171,000)</b>	<b>(Could exceed \$171,000)</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Missouri Department of Conservation (MDC)** assume the proposal would not impact MDC funds since these procedures are already covered by its insurance plan.

Officials from the **Department of Public Safety (DPS) - Director's Office** are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Department of Social Services (DOS)** state this bill requires group health insurance policies providing coverage for more than 25 employees to provide coverage for the diagnosis and treatment of infertility. The bill exempts such coverage by institutions or organizations which find the coverage to be in violation of their religious and moral teachings and beliefs.

The MO HealthNet Division (MHD) assumes the legislation does not apply to the DOS and, therefore, will have no fiscal impact on the DOS. The bill amends Section 376.1198, not Section 208. MO HealthNet and MO HealthNet Managed Care plans do not issue group policies to participants.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 90 insurers and 22 HMOs (from 2007 supplemental data reports) would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$5,600.

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

Officials from the **Missouri Department of Transportation (DOT)** state that currently the Highway and Patrol Medical Plan excludes services in connection with the treatment of fertility or infertility. Passage of this proposal would require the Medical Plan to cover treatment of

**ASSUMPTION** (continued)

infertility. The proposal specifically states some of the procedures that would require coverage, but also states that it would not be limited to these procedures. The proposal also does not make any reference to reversal of voluntary sterilization procedures.

The DOT asked Watson and Wyatt Worldwide, the Medical Plan's actuarial consultants, to help with estimating the fiscal impact. Based on information from the American Society for Reproductive Medicine, they assumed an incidence rate equal to 9% of all reproductive age people. They also assumed a prevalence rate of 32% who seek treatment. Based on the Medical Plan's census, there were 4,135 child bearing age individuals eligible for coverage. Using the assumed 9% incidence rate, the DOT assumes there would be approximately 372 ( $4,135 \times 9\%$ ) child bearing age individuals who would likely have infertility problems. Of those 372 individuals, 119 would have some form of infertility treatment.

Watson Wyatt Worldwide also assumed 85% of the treated individuals would be treated with drugs or surgery and 15% would be treated with other options (in vitro, etc.). Prescription costs per person are estimated to be \$9,000 per year and in vitro fertilization is estimated at \$15,000 per episode.

Based on the above assumptions, the DOT estimates that 102 of the 119 individuals would be treated with drugs or surgery and 17 individuals would have in vitro fertilization. As a result, the Medical Plan would realize a fiscal impact of \$1,173,000 [ $(102 \text{ individuals} \times \$9,000) + (17 \text{ individuals} \times \$15,000)$ ]. There is, however, no way of determining if all eligible women will take advantage of this benefit or how much each treatment will cost.

The Medical Plan consists of 76% DOT and 24% Patrol participants. Therefore, there would be a fiscal impact of \$891,480 ( $\$1,173,000 \times 76\%$ ) due to DOT participation and \$281,520 ( $\$1,173,000 \times 24\%$ ) due to Patrol participation.

For fiscal note purposes, **Oversight** is presenting DOT costs for General Revenue, the Road Fund, the Highway Fund - Patrol, and Other State Funds.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the following treatments for infertility are not covered by HCP: in-vitro fertilization, gamete intrafallopian tube transfer (GIFT), zygote intrafallopian tube transfer (ZIFT) and low tubal ovum transfer (LTOT). The HCP currently covers in-vivo fertilization and prescription infertility drugs at 50% co-insurance.

ASSUMPTION (continued)

According to a recent study DOT conducted along with Watson Wyatt Actuarial Consultants, 9% of reproductive aged women are assumed infertile. They also assumed a 32% prevalence rate of those who seek treatment. There are currently 27,942 women of child-bearing age covered under the HCP state plan. "Child-bearing age" is defined to be ages 20-49. Additionally, there are currently 610 women of child-bearing age covered under the HCP Public Entity plan. Based on the assumed 9% incidence rate, there would be approximately 2,514 state and 55 public entity child-bearing aged women who would likely have infertility problems. Of these individuals, 804 (2,514 X 32%) state and 17 (55 X 32%) public entity members would have some form of infertility treatment.

The study also assumed 85% of the treated individuals would be treated with drugs or surgery and 15% would be treated with other options (in vitro, etc.). Prescription costs per person are estimated at \$9,000 per year and in vitro fertilization is estimated at \$15,000 per episode.

Based on the above assumptions, the HCP estimates that 683 state and 14 public entity members would be treated with drugs or surgery and 121 state and 3 public entity members would be treated with in vitro fertilization. For complete coverage of the procedures, HCP would realize a fiscal impact of \$7,962,000 [(683 x \$9,000) + (121 x \$15,000)] for state members and \$171,000 [(14 x \$ 9,000) + (3 x \$15,000)] for public entity membership; the total fiscal impact being \$8,133,000. If the HCP were to split the cost of the procedures at 50% co-insurance the fiscal impact for state members would be \$3,981,000 and \$85,500 for public entities.

The HCP notes there is no way of determining if all eligible women will take advantage of this benefit or exactly how much each treatment will cost.

**Oversight** assumes the proposal would be effective January 1, 2010.

FISCAL IMPACT - State Government

FY 2010  
(6 Mo.)

FY 2011

FY 2012

**GENERAL REVENUE FUND**

HW-C:LR:OD

Costs - Missouri Consolidated Health  
 Care Plan

Increase in state share of health insurance premiums	(Could exceed \$2,667,270)	(Could exceed \$7,962,000)	(Could exceed \$7,962,000)
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Costs - Missouri Department of  
 Transportation

Increase in DOT share of health insurance premiums	(Up to \$14,497)	(Up to \$28,993)	(Up to \$28,993)
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**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

<u>(Could exceed \$2,667,270)</u>	<u>(Could exceed \$7,962,000)</u>	<u>(Could exceed \$7,962,000)</u>
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**INSURANCE DEDICATED**

Income - DIFP

Form filing fees	<u>\$5,600</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON  
 INSURANCE DEDICATED FUND**

<u>\$5,600</u>	<u>\$0</u>	<u>\$0</u>
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**HIGHWAY FUND - PATROL**

Costs - Missouri Department of  
 Transportation

Increase in DOT share of health insurance premiums	(Up to \$116,079)	(Up to \$232,158)	(Up to \$232,158)
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**ESTIMATED NET EFFECT ON  
 HIGHWAY FUND - PATROL**

<u>(Up to \$116,079)</u>	<u>(Up to \$232,158)</u>	<u>(Up to \$232,158)</u>
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FISCAL IMPACT - State Government

FY 2010 (6 Mo.)	FY 2011	FY 2012
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**ROAD FUND**

HW-C:LR:OD

Costs - Missouri Department of  
 Transportation

Increase in DOT share of health  
 insurance premiums

(Up to  
 \$442,712)

(Up to  
 \$885,423)

(Up to  
 \$885,423)

**ESTIMATED NET EFFECT ON  
 ROAD FUND**

**(Up to  
 \$442,712)**

**(Up to  
 \$885,423)**

**(Up to  
 \$885,423)**

**OTHER STATE FUNDS**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in state share of health  
 insurance premiums

(Could exceed  
 \$477,720)

(Could exceed  
 \$955,440)

(Could exceed  
 \$955,440)

Costs - Missouri Department of  
 Transportation

Increase in DOT share of health  
 insurance premiums

(Up to \$13,212)

(Up to \$26,425)

(Up to \$26,425)

**ESTIMATED NET EFFECT ON  
 OTHER STATE FUNDS**

**(Could exceed  
 \$477,720)**

**(Could exceed  
 \$955,440)**

**(Could exceed  
 \$955,440)**

**FEDERAL FUNDS**

Costs - Missouri Consolidated Health  
 Care Plan

Increase in state share of health  
 insurance premiums

(Could exceed  
 \$836,010)

(Could exceed  
 \$1,672,020)

(Could exceed  
 \$1,672,020)

**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

**(Could exceed  
 \$836,010)**

**(Could exceed  
 \$1,672,020)**

**(Could exceed  
 \$1,672,020)**

FISCAL IMPACT - Local Government

FY 2010  
 (6 Mo.)

FY 2011

FY 2012

## **ALL LOCAL GOVERNMENTS**

### Costs - All Local Governments

Increase in share of health insurance  
premiums

(Could exceed  
\$85,500)

(Could exceed  
\$171,000)

(Could exceed  
\$171,000)

### **ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS**

(Could exceed  
\$85,500)

(Could exceed  
\$171,000)

(Could exceed  
\$171,000)

### FISCAL IMPACT - Small Business

This proposal could directly impact small businesses that pay employee health insurance premiums if there is an increase in health insurance coverage costs.

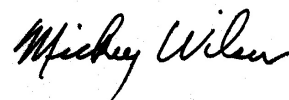
### FISCAL DESCRIPTION

Beginning January 1, 2010, this proposal requires group health insurance policies which provide coverage for more than 25 employees that are delivered, renewed, or continued in Missouri to provide coverage for the diagnosis and treatment of infertility.

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, Financial Institutions and Professional Registration  
Department of Social Services  
Missouri Department of Transportation  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



Mickey Wilson, CPA  
Director



L.R. No. 0142-01  
Bill No. HB 50  
Page 9 of 9  
February 5, 2009

February 5, 2009