

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0410-01
Bill No.: HB 60
Subject: Insurance - Medical; Health Care; Insurance Dept.
Type: Original
Date: February 2, 2009

Bill Summary: Allows persons who have exhausted their total lifetime benefits to be eligible for coverage under the Missouri Health Insurance Pool.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown, estimated to be \$500,000 to \$666,667)	(Unknown, estimated to be \$1,500,000 to \$2,000,000)	(Unknown, estimated to be \$1,500,000 to \$2,000,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown, estimated to be \$500,000 to \$666,667)	(Unknown, estimated to be \$1,500,000 to \$2,000,000)	(Unknown, estimated to be \$1,500,000 to \$2,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

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

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state according to the Missouri Health Insurance Pool (MHIP), the eligibility expansion and program notification will not have any impact on General Revenue. A limited number of Missourians reach individual lifetime maximums in the commercial market. These individuals are now eligible for MHIP and this does not represent a change in the eligibility requirements.

HB 60 requires the carrier to provide notice of the existence of MHIP at the point 85% of the limit of liability is exhausted, and again when the full lifetime benefit is exhausted. This change will not have any financial impact to the state.

The proposal requires a covered individual with income less than 350% of the federal poverty level receive a rate discount of 50%. The Missouri Health Insurance Pool estimates approximately 15-20% of the MHIP population will meet this percentage considering income data received for the current low income subsidy program. The income loss with a 50% premium discount is estimated at \$1.5 - \$2.0 million annually. This projection includes an estimated 10% population increase which is probable as a result of the discounted rates for low income applicants.

The income loss amount will be an additional assessment to pool members who can then take the increased assessment against their premium tax as a credit or offset. This credit/offset is taken against the General Revenue portion of premium tax only.

This proposal will result in a decrease in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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GENERAL REVENUE FUND

Loss - DIFP

Increase in credits/offsets against
 premium tax revenue

<u>(Unknown, estimated to be \$500,000 to \$666,667)</u>	<u>(Unknown, estimated to be \$1,500,000 to \$2,000,000)</u>	<u>(Unknown, estimated to be \$1,500,000 to \$2,000,000)</u>
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

<u><u>(Unknown, estimated to be \$500,000 to \$666,667)</u></u>	<u><u>(Unknown, estimated to be \$1,500,000 to \$2,000,000)</u></u>	<u><u>(Unknown, estimated to be \$1,500,000 to \$2,000,000)</u></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.


FISCAL DESCRIPTION

An individual who has exceeded his or her total lifetime health insurance benefits from his or her insurer is eligible for the pool which has a \$2 million lifetime benefit. An individual who is eligible and has an income of less than 350% of the federal poverty level will receive a 50% discount off the pool's premiums.

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 2, 2009