

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0539-01  
Bill No.: HB 151  
Subject: Health Care; Health, Public; Insurance - Medical  
Type: Original  
Date: February 13, 2009

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Bill Summary: Establishes a 5% commission for agents and brokers who sell and renew Missouri Health Insurance Pool policies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$17,550)	(\$21,060)	(\$21,060)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$17,550)</b>	<b>(\$21,060)</b>	<b>(\$21,060)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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 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>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state that according to the Missouri Health Insurance Pool (Pool), currently less than 3% of the new applications received in 2008 were submitted from agents who were paid a \$50 finder's fee. Less than \$6,000 will be paid to these agents in 2008. Effective January 1, 2009, the fee is increased to \$150 and will be paid to any licensed agent for a new application accepted into this program. At the current rate level, the new applications submitted and approved may result in a 2% increase in 2009. The pool estimates \$9,000 in agent fee expense for 2009.

The average premium rate for this plan is \$585 per month (\$7,020 annually). At a 5% commission level the agent expense now becomes \$351 per new applicant. At the current 150% premium relationship to standard, the pool does not project significant enrollment increases in this program. Assuming all new applicants will be submitted by an agent, at a 2% growth trend (60 applicants), the commissions paid would total \$21,060 for new business.

The Missouri Health Insurance Pool does not believe the 5% commission structure will have a significant impact on General Revenue.

**Oversight** notes the commissions paid agents and brokers who sell and renew Pool policies increases the assessments charged back to the insurance companies by the Pool. The insurance companies then claim the additional assessments as credits against premium taxes due. These credits do not impact premium tax distributions to school districts; only General Revenue is impacted.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE FUND</b>			
<u>Loss - DIFP</u>			
Reduction in premium taxes collected due to increase in assessments charged to insurance companies	<u>(\$17,550)</u>	<u>(\$21,060)</u>	<u>(\$21,060)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$17,550)</u></b>	<b><u>(\$21,060)</u></b>	<b><u>(\$21,060)</u></b>

FISCAL IMPACT - Local Government

FY 2010  
(10 Mo.)

FY 2011

FY 2012

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal could have a positive fiscal impact on small business insurance companies that submit applications for new members to the Missouri Health Insurance Pool.

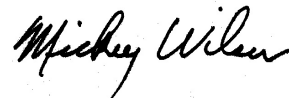
FISCAL DESCRIPTION

This proposal requires agents and brokers who sell or renew health insurance policies under the Missouri Health Insurance Pool to receive a 5% commission.

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



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