

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0961-01
Bill No.: HB 519
Subject: Insurance - Medical; Insurance Dept.; Health, Public
Type: Original
Date: April 16, 2009

Bill Summary: Requires health carriers and health benefit plans to include coverage of eating disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown exceeding \$550,000)	(Unknown exceeding \$1,000,000)	(Unknown exceeding \$1,000,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$550,000)	(Unknown exceeding \$1,000,000)	(Unknown exceeding \$1,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	Up to \$5,600	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$5,600	\$0	\$0

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

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

* Revenues and expenditures unknown but net to \$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 Mental Health** assume the proposal will not fiscally impact their organization.

Officials from the **Department of Public Safety (DPS) - Directors' Office** state they are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact.

Officials from the **Department of Public Safety - 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 **Missouri Consolidated Health Care Plan (HCP)** state the HCP covers psychiatric inpatient and outpatient services, nutritional counseling and physical therapy (as specifically stated in the proposal). This legislation does not fiscally impact the HCP.

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation would not appear to have a fiscal impact on MDC funds since it does not appear to apply to self-insured plans. However, if the Board of Trustees elected to provide such coverage, the exact amount of impact is unknown, but could exceed \$100,000 annually.

Officials from the **Missouri Department of Transportation (DOT)** assume the proposal will have no fiscal impact on their organization.

The terms "health carrier" and "health benefit plan" definitions do not apply to the DOT/Missouri State Highway Patrol (MHP) Medical Plan, but the Plan would still be required to comply with the proposal's requirements. The proposed legislation mandating coverage of specific services (coverage for the diagnosis and treatment of eating disorders) and thus, the Plan would be required to offer such services as well.

According to Coventry, DOT's current claims administrator, the DOT/MHP Medical Plan covers diagnosis and treatment of eating disorders and any residential treatment of eating disorders, if such treatment is medically necessary. Therefore, there would be no fiscal impact to the Plan.

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 up to \$5,600.

ASSUMPTION (continued)

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 **Department of Health and Senior Services (DOH)** state the DOH assumes the proposal requires the department to provide the diagnosis and treatment of eating disorders for state residents without insurance coverage or who are in need of financial assistance for these services and provide payment of the costs of such treatment. The DOH is unable to estimate the cost of integrated care and treatment for Missouri residents suffering from eating disorders, either directly or contractually. The DOH does not have any data regarding the prevalence of eating disorders, the average cost of care, the types of interventions necessary, or the duration of interventions. The Department of Social Services or Department of Mental Health may have this information available. Creation of a new program in DOH would result in the need for an unknown number of additional FTE and an unknown amount for programmatic expenditures. The fiscal impact for DOH is unknown for FY 10, FY 11, and FY 12, but could be in the millions, if not tens of millions of dollars annually.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** provide the following assumptions:

Section 376.845:

This legislation does not revise Chapter 208, RSMo. Therefore, it does not affect MO HealthNet eligibility or benefits.

The legislation does revise Chapter 376, RSMo. The MHD assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

The MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. The cost is unknown, but may be as high as \$100,000. Since this is an administrative cost, there will be a 50% federal match rate.

ASSUMPTION (continued)

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness. If this occurs, the cost to the MHD is unknown. These additional costs would occur in the second and third years.

Section 1:

This section requires the DOH and DOS to collaborate to provide diagnostic and treatment services to any resident of the state whom is uninsured or needs financial assistance for the diagnosis and treatment of eating disorders.

It is assumed that the DOH will provide these services for the uninsured or those who are not MO HealthNet eligible. If that is not the case and the program is in the DOS, then the cost is unknown, but greater than \$100,000 and will all be general revenue expenditures.

Oversight notes the proposal would be effective January 1, 2010.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs - DOS</u>			
Increase in program costs - Section 376	(Unknown less than \$50,000)	(Unknown)	(Unknown)
<u>Costs - DOH</u>			
Costs related to coverage of eating disorders	<u>(Unknown exceeding \$500,000)</u>	<u>(Unknown exceeding \$1,000,000)</u>	<u>(Unknown exceeding 1,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown exceeding \$550,000)</u>	<u>(Unknown exceeding \$1,000,000)</u>	<u>(Unknown exceeding \$1,000,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2010 (6 Mo.)	FY 2011	FY 2012
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,600</u>	<u>\$0</u>	<u>\$0</u>
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	Unknown less than \$50,000	Unknown	Unknown
<u>Costs - DOS</u>			
Increase in program expenditures	<u>(Unknown less than \$50,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may result in an impact to small businesses that provide employee health insurance coverage if insurance premiums are increased as a result of the additional coverage requirements.

FISCAL DESCRIPTION

Beginning January 1, 2010, this proposal requires all health insurance carriers or health benefit plans which are issued, delivered, continued, or renewed to provide coverage for the diagnosis and treatment of eating disorders. Coverage will include psychiatric and medical treatment and other treatments prescribed by a health care professional, but cannot be considered coverage for a

FISCAL DESCRIPTION (continued)

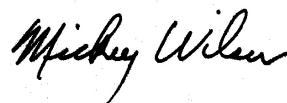
mental health illness. Eating disorder treatments cannot be subject to any greater deductible, co-insurance, or co-payment than other health care services provided by a health benefit plan. Individually sold health benefit plans and certain other supplemental insurance policies are not subject to eating disorder coverage requirements. An insurance carrier or health benefit plan cannot: (1) Deny an eligible individual to enroll in or renew coverage solely to avoid providing coverage for the diagnosis and treatment of an eating disorder; (2) Deny coverage for the treatment of eating disorders when it is medically necessary in accordance with the Practice Guidelines for the Treatment of Patients with Eating Disorders as most recently published by the American Psychiatric Association; (3) Provide monetary incentives to individuals to encourage them to accept less than the minimum coverage; (4) Penalize, reduce, or limit provider reimbursements for services rendered for eating disorder treatments; (5) Provide monetary or other incentives to providers for not treating individuals with eating disorders; or (6) Deny an eligible individual to enroll in or renew coverage if the individual was previously found to have an eating disorder or received treatment for an eating disorder.

The departments of Health and Senior Services and Social Services must collaboratively provide diagnosis and treatment services for any state resident who does not have insurance coverage or is in need of financial assistance to pay for the diagnosis and treatment of an eating disorder at eating disorder specialty units and private and state-operated facilities that have licensed eating disorder specialists on staff.

This legislation is not federally mandated and would not duplicate any other program.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



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