

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5152-03
Bill No.: SCS for HB 2205
Subject: Insurance - General; Insurance Dept.; Insurance - Medical; Secretary of State
Type: Original
Date: May 11, 2010

Bill Summary: Modifies several provisions of law relating to the regulation of insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Insurance Dedicated	Up to \$5,000	\$0	\$0
Road	(Unknown greater than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Total Estimated Net Effect on Other State Funds	(Unknown greater than \$45,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
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 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan** and **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

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

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than \$2,500. The SOS does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the SOS can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the costs of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** state insurers 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. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000

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 the proposed legislation has two areas of concern for the DOT/Missouri State Highway Patrol (MHP) medical plan. Section 376.882 dealing with refunds states "if a Medicare supplement policy issued, delivered or renewing in this state on or after January 1, 2011 is cancelled for any reason, the insurer will refund the unearned portion of any premium paid. The Plan's current policy is not to issue refunds based on this scenario and this may impact the Plan. The impact would be less than \$100,000 annually.

ASSUMPTION (continued)

The second area of concern is Section 376.1257 dealing with orally administered anti-cancer medications should be administered on a basis no less favorable than intravenously or injected cancer medications.

Independent Pharmaceutical Consultants, Inc. (IPC) reviewed the proposal on behalf of the DOT/Missouri State Highway Patrol (MHP) Medical Plan. According to IPC's review, the legislation presents a complication to the Plan. The I.V. cancer treatments are covered under the DOT's medical plan; the oral cancer agents are generally covered under the pharmacy benefit, often with the maximum copay.

It is the DOT's understanding the Plan would need to stop covering the oral cancer treatments in the prescription drug benefit and cover them only through the medical benefit. This could have some financial impact to the Plan and the member. The medical benefit is not intended to handle pharmacy claims for oral dosage forms, as I.V. treatments are office administered, and they do not have the same negotiated prices as in the prescription benefit. This complexity for the member seeking coverage may be a concern and could add cost to the plan and/or member.

Therefore, the proposal could have a financial impact to the Plan. The impact cannot be determined at this time, but is assumed to be greater than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
ROAD FUND			
<u>Costs - DOT</u>			
Refunds of unearned Medicare supplement premiums (§376.882)	(Unknown less than \$50,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
Increase in state share of health care costs (§376.1224)	<u>(Unknown greater than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>
ESTIMATED NET EFFECT ON ROAD FUND	<u>(Unknown greater than \$50,000)</u>	<u>(Unknown greater than \$100,000)</u>	<u>(Unknown greater than \$100,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal could impact small businesses that provide health insurance coverage for their employees if health insurance premiums increase.

FISCAL DESCRIPTION

Under this proposal, every health benefit plan that is issued in this state that provides coverage for cancer chemotherapy treatment must provide coverage for a prescribed, orally administered anticancer medication used to kill or slow the growth of cancerous cells on a basis no less favorable than intravenously administered or injected cancer medications that are covered under the health benefit plan. (§376.1257)

Under this proposal, if a Medicare supplement policy issued, delivered, or renewed in Missouri on or after January 1, 2011, is cancelled for any reason, the insurer must refund the unearned portion of any premium paid beyond the month in which the cancellation is effective. Any

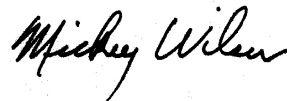
FISCAL DESCRIPTION (continued)

refund shall be returned to the policyholder within 20 days from the date the insurer receives notice of the cancellation. Under the act, a policyholder may cancel a Medicare supplement policy by sending verbal, written, or electronic notification (§376.882).

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
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Office of Secretary of State



Mickey Wilson, CPA
Director
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