

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0149-01  
Bill No.: HB 123  
Subject: Insurance - Health; Health Care; Department of Insurance, Financial Institutions and Professional Registration  
Type: Original  
Date: February 20, 2017

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Bill Summary: This proposal establishes the “Missouri Right to Shop Act.”

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue Fund	(\$60,740)	(\$37,205)	(\$38,731)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$60,740)</b>	<b>(\$37,205)</b>	<b>(\$38,731)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Insurance Dedicated Fund	Up to \$117,000	Up to \$117,000	Up to \$117,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$117,000</b>	<b>Up to \$117,000</b>	<b>Up to \$117,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Federal Funds*			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenses net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS) - Mo Health Net Division (MHD)** states this legislation revises Chapter 376, RSMo, by adding one new section that creates several requirements for health care providers and health carriers. Health carriers are defined in Chapter 376, RSMo, to include Health Maintenance Organizations (HMOs). The MO HealthNet Managed Care health plans that provide services to MO HealthNet Managed Care members are considered HMOs. Since there is no specific exemption for the HMOs that provide services to MO HealthNet Managed Care members, it is assumed they will be impacted by this legislation.

If the HMOs that MO HealthNet contracts with are required to comply with this legislation, and if the providers the HMOs contract with are required to comply, it may impact the rates MO HealthNet pays the contracted HMOs by at least \$100,000. An actuarial review of the proposed language, which would be a one-time cost of \$50,000, would be required to determine the impact of the program change. A 4.1% inflationary factor was applied to FY19 and FY20.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this legislation would require policy amendments that must be submitted to the department for review along with a \$50 filing fee. Additional revenues to the Insurance Dedicated Fund are estimated to be up to \$117,000.

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 department will need to request additional staff to handle increase in workload.

Officials from the **Department of Labor and Industrial Relations**, the **Department of Mental Health** and the **Department of Health and Senior Services** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (HB 125), officials from the **Department of Transportation** and the **Missouri Department of Conservation** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Department of Transportation to estimate the fiscal impact of the proposed legislation on their respective organization.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DSS (\$376.1700)</u>			
Actuarial Study	(\$25,000)	\$0	\$0
Program Distributions	<u>(\$35,740)</u>	<u>(\$37,205)</u>	<u>(\$38,731)</u>
<u>Total Cost - DSS</u>	<u>(\$60,740)</u>	<u>(\$37,205)</u>	<u>(\$38,731)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$60,740)</u></b>	<b><u>(\$37,205)</u></b>	<b><u>(\$38,731)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS (\$376.1700)</u>			
Program Reimbursements	\$64,260	\$66,895	\$69,637
<u>Cost - DSS (\$376.1700)</u>			
Actuarial Study	(\$25,000)	\$0	\$0
Program Distributions	<u>(\$39,260)</u>	<u>(\$66,895)</u>	<u>(\$69,637)</u>
<u>Total Cost - DSS</u>	<u>(\$64,260)</u>	<u>(\$66,895)</u>	<u>(\$69,637)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - DIFP</u>	<u>Up to \$117,000</u>	<u>Up to \$117,000</u>	<u>Up to \$117,000</u>
\$50 filing fee			
<b>ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND</b>	<b><u>Up to \$117,000</u></b>	<b><u>Up to \$117,000</u></b>	<b><u>Up to \$117,000</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

This bill creates the "Missouri Right to Shop Act." The bill requires a health care provider to disclose the allowable amount, if subject to insurance, or amount that will be charged for a nonemergency admission, procedure, or service if requested by a patient or prospective patient. If a health care provider is unable to quote a specific amount due to an inability to predict the specific treatment or diagnostic code, the provider must disclose what is known for the estimated amount, the incomplete nature of the estimate, and the ability of the patient or perspective patient to obtain an updated estimate once additional information is determined. If a patient or perspective patient is covered by insurance and the health care provider is in-network, upon request the provider must provide sufficient information regarding the proposed admission, procedure, or service for the patient to obtain a cost estimate of out-of-pocket expenses from his or her insurance carrier.

The bill requires each health carrier to establish an interactive mechanism on such carrier's public websites that enables an enrollee to request and obtain information on the payments made by the carrier to network providers for health care services. Such mechanism must allow an enrollee seeking information to compare costs among network providers.

Upon the request of an enrollee, the bill requires each health carrier to provide a good faith estimate of the amount the enrollee will be responsible to pay out-of-pocket for a proposed nonemergency procedure or service that is a medically necessary, covered benefit from an in-network provider. These provisions must not prohibit a carrier from imposing cost-sharing requirements pursuant to an enrollee's certificate of coverage for unforeseen health care services that arise out of the nonemergency procedure or service or for a procedure or service not included in the original estimate. A carrier must notify an enrollee that these are estimated costs and that the actual amount the enrollee will be responsible to pay may vary.

The bill requires each health carrier to develop and implement a program that provides incentives for enrollees in a health plan to elect to receive shoppable health care services that are covered by the plan from providers that charge less than the average price paid by the carrier for the shoppable health care services. The incentives must meet certain requirements as specified in the bill.

FISCAL DESCRIPTION (continued)

Each health carrier must make the incentive program available as a component of all health plans offered in Missouri and must file a description of the program with the Department of Insurance, Financial Institutions and Professional Registration. Each health carrier must annually file with the department the total number of shared savings incentive payments for the most recent calendar year as specified in the bill.

The bill has a delayed effective date of March 1, 2018.

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  
Department of Health and Senior Services  
Department of Mental Health  
Department of Labor and Industrial Relations  
Missouri Department of Conservation  
Department of Transportation  
Department of Public Safety  
Missouri Highway Patrol



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