

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4572-02  
Bill No.: SCS for SB 1141  
Subject: Insurance - Medical; Mental Health; Health Care; Health Care Professionals  
Type: Original  
Date: April 15, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Insurance Dedicated	\$9,850	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$9,850</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

**FISCAL ANALYSIS**

## ASSUMPTION

Officials from the **Department of Health and Senior Services**, the **Missouri Department of Conservation**, and the **Department of Economic Development - Division of Professional Registration** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer their fiscal note response to the Department of Transportation.

Officials from the **Department of Transportation (DHT)** state because the Medical Plan currently provides coverage for mental health conditions on the same basis as physical health conditions including limited coverage for alcohol and drug abuse treatment, there would be no fiscal impact to the Highway & Patrol Medical Plan.

**Missouri Consolidated Health Care Plan (HCP)** officials state the HCP HMO, POS and Copay plans cover Mental Health and Chemical Dependency as any other medical benefit under the plan. The HCP State PPO plan allows for the member to pay a copayment of \$10 for visits 1-5, of \$15 for visits of 6-10, and \$20 for any additional visits. This benefit does not require the member to meet their deductible. Therefore, HCP states this benefit is more favorable than the medical benefit. HCP states this bill does not fiscally impact the state.

The HCP public entity PPO plan applies a different benefit to Chemical Dependency. Therefore, the additional coverage required will add some cost which HCP expects to cause minimal increases in premiums.

The **Department of Social Services - Division of Medical Services (DMS)** assumes no fiscal impact with this proposed legislation. DMS currently covers mental health conditions as medically necessary. DMS assumes this bill allows for the continued use of prior authorizing of services and performing utilization reviews by DMS for both physical and mental health conditions to ensure payment for only medically necessary conditions. Only those medically necessary are eligible for federal match. DMS assumes this proposal is not intended to require coverage of non-medically necessary services which would have to be paid 100% by General Revenue.

Officials from the **Department of Mental Health (DMH)** state the proposal requires that limitations placed on mental health coverage provided by insurance policies not be any more restrictive than the limitations regarding coverage for physical health services.

To the extent that DMH consumers have insurance coverage, there could be minimal savings to the DMH. However, it is likely that any savings would be offset by increased service utilization  
ASSUMPTION (continued)

of individuals who are currently underserved. Further, at this time, the DMH is unsure of the type of coverage, the amount of insurance coverage and/or the number of individuals that would be affected by this proposal. Based on DMH's current understanding that any savings would be offset by additional service utilization costs, the resulting fiscal impact to DMH would be zero.

Officials from the **Department of Insurance (INS)** assume insurers and HMOs would be required to amend their policies to comply with this legislation. Amendments must be filed with INS. INS estimates that 171 insurers and 26 HMOs would be required to file at least one amendment to their policy form with a filing fee of \$50, resulting in revenue of \$9,850 in FY 2003. INS has reached capacity in policy form reviews and the additional workload created by this legislation would cause delays in policy form reviews. Additional staff are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments, the department would need to request additional staff to handle the increase in workload.

**This proposal would result in an increase in Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

**INSURANCE DEDICATED**

<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$9,850</u>	<u>\$0</u>	<u>\$0</u>

<b>ESTIMATED NET EFFECT TO INSURANCE DEDICATED FUND</b>	<b><u>\$9,850</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
---	-----------------------	-------------------	-------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that they may incur additional health insurance costs due to the requirements of this proposal.

DESCRIPTION

Under current law, there are several exceptions to the requirement that health insurers who cover services for mental illness and addictive disorders provide the same coverage as they do for physical illness. These include exceptions that allow insurers to limit inpatient hospital treatment for mental illness to 90 days per year (Section 376.811, RSMo), place annual and lifetime limits on alcohol and drug abuse treatment services (Section 376.827), and exclude or apply different limits to certain specified services (Section 376.833).

This proposal prohibits health carriers and health benefit plans that offer plans in this state on or after January 1, 2003, from having cost-sharing requirements and benefit or service limitations for mental health conditions that place a greater burden on the insured than the requirements and limitations for physical health conditions.

The proposal does not apply to supplemental insurance policies.

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 Economic Development -  
Division of Professional Registration  
Department of Health and Senior Services  
Department of Public Safety -  
Missouri State Highway Patrol  
Department of Transportation  
Department of Mental Health  
Missouri Department of Conservation  
Missouri Consolidated Health Care Plan  
Department of Social Services  
Department of Insurance



Mickey Wilson, CPA  
Acting Director  
April 15, 2002

L.R. No. 4572-02  
Bill No. SCS for SB 1141  
Page 5 of 5  
April 15, 2002

CM:LR:OD (12/01)