

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5551-01
Bill No.: HB 1509
Subject: Insurance - Medical; Health Care Professionals; Mental Health Dept.; Health Dept.
Type: Original
Date: February 22, 2012

Bill Summary: Requires insurers to provide coverage for eating disorders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown less than \$12,500)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown less than \$12,500)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated	Up to \$3,000	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds		\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Transportation** 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 **Missouri Consolidated Health Care Plan (MCHCP)** state the MCHCP currently covers the treatments listed within this proposal. Therefore, the legislation does not fiscally impact the MCHCP.

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 \$3,000.

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 **Department of Social Services - MO HealthNet Division (MHD)** this legislation does not revise Chapter 208, RSMo; therefore, it does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MO HealthNet Division (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. MHD managed care covered 601 patients with eating disorders in FY11.

The first year cost is for an actuarial study to determine the impact of this requirement on rate ranges to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services. The cost of the analysis will depend on the complexity of the analysis needed to

ASSUMPTION (continued)

address this program change. At a minimum, the actuarial study would include a survey of the Managed Care health plans to determine their current practices related to determining medical necessity for coverage of eating disorders. The health plan criteria may be different from the Practice Guidelines for the Treatment of Patients with Eating Disorders, as most recently published by the American Psychiatric Associations. The expected utilization change due to the difference in the criteria would determine the fiscal impact to the capitation rates. The cost of the study could be up to \$25,000. It is assumed that capitation rates would increase in year 2 and forward, however, the impact is unknown at this time.

Oversight assumes provisions of the proposal would be effective January 1, 2013, the beginning of the benefit period for state employee insurance coverage.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
GENERAL REVENUE FUND			
<u>\$376.845</u>			
<u>Costs - Department of Social Services - MO HealthNet Division</u>			
Program costs for eating disorders	<u>(Unknown less than \$12,500)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
	<u>(Unknown less than \$12,500)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance, Financial Institutions, and Professional Registration</u>			
Form filing fees	<u>Up to \$3,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND			
	<u>Up to \$3,000</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2013 (6 Mo.)	FY 2014	FY 2015
FEDERAL FUNDS			
<u>\$376.845</u>			
<u>Income - Department of Social Services -</u>			
<u>MO HealthNet Division</u>			
Program reimbursements for eating disorders	Unknown less than \$12,500	Unknown	Unknown
 <u>Costs - Department of Social Services -</u>			
<u>MO HealthNet Division</u>			
Program expenditures for eating disorders	<u>(Unknown less than \$12,500)</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 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

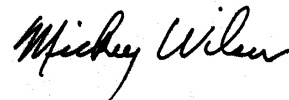
FISCAL DESCRIPTION

Beginning January 1, 2013, 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 must include psychiatric and medical treatment and other treatments as prescribed by a health care professional but cannot be considered as requiring coverage of a mental illness. Services rendered for eating disorder treatments cannot be subject to any greater deductible or co-payment than other health care services provided by a health benefit plan. Certain supplemental insurance policies are not subject to the eating disorder coverage requirements.

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 -
 MO HealthNet Division
Missouri Department of Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



Mickey Wilson, CPA
Director
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