

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1209-02  
Bill No.: HB 891  
Subject: Health Care; Insurance - Medical; Department of Insurance, Financial Institutions and Professional Registration  
Type: Original  
Date: April 21, 2015

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Bill Summary: This proposal requires every health carrier to file its premium rates and classification of risk with the Department of Insurance, Financial Institutions and Professional Registration for approval.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Insurance Dedicated	(\$392,318)	(\$358,581)	(\$363,071)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$392,318)</b>	<b>(\$358,581)</b>	<b>(\$363,071)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Insurance Dedicated	5 FTE	5 FTE	5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>5</b>	<b>5</b>	<b>5</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to a similar proposal from the 2014 session (SB 688), officials from the **Department of Insurance, Financial Institutions and Professional Registration** assumed this proposal requires independent rate filings any time rates change for an existing policy form, including each separate rider/amendment. The proposal applies to all forms of health insurance, not just major medical. In 2012 (the most recent data available), 404 companies reported some kind of health insurance activity. Other states that the department has contacted regarding rate review have indicated that rates could be changed and rate filings received up to quarterly per company. Therefore, 404 companies x \$50 filing fee x 4 = \$80,800.

Due to the turn-around time prescribed in the proposal, the department will need at least 1 Actuary and 3 Insurance Product Analyst FTE for policy review, and review of rates for actuarial soundness. The department will also need 1 Legal Counsel FTE to oversee the public hearing requirements in the proposal.

The department will require contract computer programming to add the new website requirements. The department estimates computer programming costs to be \$11,645.

In response to a similar proposal (SB 688), officials from the **Department of Public Safety - Missouri Highway Patrol** deferred to Department of Transportation for fiscal impact.

In response to a similar proposal (SB 688), officials from the **Missouri Consolidated Health Care Plan (HCP)** and **Missouri Department of Conservation** each assumed the current proposal will not fiscally impact their respective agencies.

Officials from the HCP also stated that they are not a health carrier and are not subject to the oversight of the Department of Insurance.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>INSURANCE DEDICATED FUND</b>			
<u>Revenues - DIFP</u>	<u>\$80,800</u>	<u>\$80,800</u>	<u>\$80,800</u>
<u>Costs - DIFP</u>			
Personal Service	(\$280,532)	(\$283,337)	(\$286,171)
Fringe Benefits	(\$148,234)	(\$149,715)	(\$151,213)
Equipment and Expenses	<u>(\$44,352)</u>	<u>(\$6,329)</u>	<u>(\$6,487)</u>
<u>Total Costs - DIFP</u>	<u>(\$473,118)</u>	<u>(\$439,381)</u>	<u>(\$443,871)</u>
FTE Change - DIFP	5 FTE	5 FTE	5 FTE
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>(\$392,318)</u></b>	<b><u>(\$358,581)</u></b>	<b><u>(\$363,071)</u></b>
Estimated Net FTE Change on the Insurance Dedicated Fund	5 FTE	5 FTE	5 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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

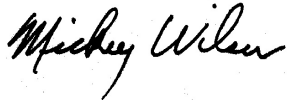
This proposal requires every health carrier to file its premium rates and classification of risk with the Department of Insurance, Financial Institutions and Professional Registration for approval.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration  
Department of Public Safety - Missouri Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



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Director  
April 21, 2015

Ross Strobe  
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April 21, 2015