

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4106-01
Bill No.: HB 1796
Subject: Insurance - Medical; Healthcare
Type: Original
Date: March 1, 2016

Bill Summary: This proposal requires all health benefit plans to provide coverage for massage therapy for individuals diagnosed with fibromyalgia.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$10,106,500 to exceeding \$105,000,000)	(\$20,213,000 to exceeding \$210,000,000)	(\$20,213,000 to exceeding \$210,000,000)
Total Estimated Net Effect on General Revenue	(\$10,106,500 to exceeding \$105,000,000)	(\$20,213,000 to exceeding \$210,000,000)	(\$20,213,000 to exceeding \$210,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Exam	\$0	\$0	\$0
Insurance Dedicated	\$7,800	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$7,800	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Exam	2	2	2
Total Estimated Net Effect on FTE	2	2	2

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** provide that Federal law states any health mandate outside of the Essential Health Benefits must be paid for by the state. Missouri will be responsible for paying for all costs associated with this new health mandate. According to the Centers for Disease Control page on fibromyalgia, prevalence for the ailment is listed at 2% of the general population. As of 2014, the general population of Missouri was reported as 6,064,000 people. DIFP estimates that a third of Missourians are covered by a plan that would be impacted by this bill.

$2\% \times 6,064,000 \times 33.33\% = 40,426$ individuals affected by this bill

This bill does not establish what limitations on the number of visits that covered individuals can receive will be permissible. A study was published in 2002 that found that individuals with fibromyalgia showed improvement after receiving massage therapy twice a week for five weeks. Since there are no limitations in this bill, DIFP assumes that some individuals may seek therapy every week. At an average of \$50 per therapy session, DIFP estimates that the total cost of these 40,426 individuals receiving therapy would be between \$20,213,000 (5 weeks of therapy) and \$210,215,200 (52 weeks of therapy). Therefore, the impact to general revenue will fall between \$20,213,000 and \$210,215,200.

DIFP assumes the process to be that health carriers will receive, adjudicate and pay claims as required under this law. DIFP anticipates that on some periodic basis health carriers will submit requests for reimbursement from the State of Missouri. It is these requests for reimbursement that will need to be examined for their appropriateness, as the reimbursements will be made by the State's General Revenue Fund.

The department requests up to two Market Conduct Examiners II (\$55,000 annually, each) for:

- a) Ensuring insurance companies are in compliance with this statute.
- b) Auditing carriers' requests for reimbursement from the general revenue fund of claims paid pursuant to this statute.

The department will see a filing influx. DIFP expects to see 3 filings per major medical company for a total of 156 filings with a fee of \$50 per filing or \$7,800 in one-time revenue to the Insurance Dedicated Fund. The filing influx of forms will be absorbed with current staffing levels.

Oversight assumes the provisions of this proposal would not be effective until the beginning of the new plan year (January 1, 2017) and has recalculated DIFP's costs for 6 months for FY 2017.

ASSUMPTION (continued)

Oversight also notes that the costs related to the 2 FTE Market Conduct Examiners II will be charged to the Insurance Exam Fund. This fund is a revolving fund and the costs associated with these FTE will be charged back to insurance companies as part of the costs of their examinations. Therefore, the net impact to the Insurance Exam Fund is \$0.

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state this legislation amends Chapter 376 by adding a new section, 376.1228. This section requires all health benefit plans serving Missouri residents to provide coverage for massage therapy provided by a massage therapist if recommended by a physician for the treatment of fibromyalgia.

This legislation does not revise Chapter 208, RSMo; which affects MO HealthNet eligibility and benefits.

This legislation does revise Chapter 376, RSMo. Because there is no specific exception for health benefit plans that contract with the state to provide health services to MO HealthNet Managed Care participants, MHD assumes this legislation would pertain to managed care participants.

In MO HealthNet Managed Care, there were 2,317 participants that had a diagnosis of fibromyalgia (from April 1 to September 30, 2015). Based on literature from the National Center for Complementary and Alternative Medicine (NCCAM), up to 75% of people with fibromyalgia use massage therapy. MO HealthNet further assumes these participants would receive treatment once a month, at a cost of \$28.93 per treatment (the average cost of manipulative treatment in a doctor's office for MO HealthNet fee-for-service (FFS) participants). Based on prior analysis conducted for MHD by an actuarial firm, the cost of serving these participants through managed care will be lower than if they were served through the fee-for-service program. It is estimated the costs will be 1.1% lower than if the services had been provided through FFS for year 2 (FY18) and 2.2% for year 3 (FY19). There will be no reduction in costs for year 1 (FY17). A 3% inflationary factor was applied to FY18 and FY19.

There will also be a one-time, \$50,000 actuarial study to determine new managed care rates based on this legislation.

Because massage therapy is not a covered Medicaid benefit, MHD assumes this will be paid entirely from General Revenue (GR). In addition, MHD fee-for-service participants would not be eligible to receive this service. FY17 assumes only 10 months of cost.

Oversight assumes, based on DIFP's response, that all MO HealthNet participants were included in the total number of Missouri residents used to determine potential costs to the state. Therefore, DSS' costs are assumed to be included in DIFP's calculations for this proposal.

ASSUMPTION (continued)

Officials from the **Missouri Department of Conservation (MDC)** state the proposal would have an unknown fiscal impact on the MDC as there is no detailed claims data to make a financial determination with. However, it is assumed the impact would be less than \$100,000 annually.

Oversight assumes, based on DIFP's response, that MDC participants were included in the total number of Missouri residents used to determine potential costs to the state. Therefore, MDC's costs are assumed to be included in DIFP's calculations for this proposal.

Officials from the **Missouri Department of Transportation (MoDOT)** state coverage for massage therapy for a fibromyalgia diagnosis would be an added benefit to MoDOT's medical plan so there would be a fiscal impact. However, MoDOT's current provider, Coventry, cannot provide an estimate of the fiscal impact because there are so many variables associated with coverage for a condition with no definitive testing available.

Officials from the **Department of Public Safety, Missouri State Highway Patrol** defer to the Missouri Department of Transportation (MoDOT), Employee Benefits Section for response on behalf of the Highway Patrol. Please see MoDOT's fiscal note response for the potential fiscal impact of this proposal.

Oversight assumes, based on DIFP's response, that MoDOT/Patrol participants were included in the total number of Missouri residents used to determine potential costs to the state. Therefore, MoDOT/Patrol costs are assumed to be included in DIFP's calculations for this proposal.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state the proposal does not fiscally impact MCHCP. MCHCP is not a health carrier and is not subject to the oversight of Chapter 376, RSMo. Therefore, this legislation would not apply to MCHCP.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Costs - DIFP (§376.1228)</u>			
Massage therapy costs for all Missouri residents diagnosed with fibromyalgia	<u>(\$10,106,500 to exceeding \$105,000,000)</u>	<u>(\$20,213,000 to exceeding \$210,000,000)</u>	<u>(\$20,213,000 to exceeding \$210,000,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$10,106,500 to exceeding \$105,000,000)</u>	<u>(\$20,213,000 to exceeding \$210,000,000)</u>	<u>(\$20,213,000 to exceeding \$210,000,000)</u>
INSURANCE EXAM FUND			
<u>Income - DIFP (§376.1228)</u>			
Increase in insurance exam fees received	\$99,343	\$169,327	\$170,933
<u>Costs - DIFP (§376.1228)</u>			
Personal service	(\$55,000)	(\$111,100)	(\$112,211)
Fringe benefits	(\$25,118)	(\$50,537)	(\$50,840)
Equipment and expense	<u>(\$19,225)</u>	<u>(\$7,690)</u>	<u>(\$7,882)</u>
Total <u>Costs - DIFP</u>	<u>(\$99,343)</u>	<u>(\$169,327)</u>	<u>(\$170,933)</u>
FTE Change - DIFP	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE INSURANCE EXAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on the Insurance Exam Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
INSURANCE DEDICATED FUND			
<u>Income - DIFP (\$376.1228)</u>			
Form filing fees	<u>\$7,800</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>\$7,800</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal will have a direct, positive fiscal impact on small business massage therapists that provide treatment to individuals with fibromyalgia.

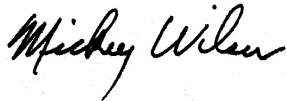
FISCAL DESCRIPTION

Requires all health benefit plans to provide coverage for massage therapy, provided by a massage therapist, for individuals diagnosed with fibromyalgia.

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 Public Safety -
 Missouri State Highway Patrol
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation



Mickey Wilson, CPA
Director
March 1, 2016

Ross Strobe
Assistant Director
March 1, 2016