

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5866-02
Bill No.: HB 2125
Subject: Insurance - Health; Health Care Professionals; Department of Insurance, Financial Institutions and Professional Registration
Type: Original
Date: January 30, 2018

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue Fund	(\$198,985)	(\$180,596)	(\$187,459)
Total Estimated Net Effect on General Revenue	(\$198,985)	(\$180,596)	(\$187,459)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the Officials from the **Department of Social Services (DSS) - Mo HealthNet Division (MHD)** assume 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 (HMO). 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 increase the rates MO HealthNet pays the contracted HMOs by at least \$500,000. An actuarial review of the proposed language, which would be a one-time cost of \$50,000, would be required to determine the actual impact of the program change. A 3.8% inflationary factor was applied to FY20 and FY21.

Currently, the contract the state has with the health plans to deliver MO HealthNet services requires the health plan to offer incentives to their members to promote personal responsibility for health. Federal guidance limits the value of the incentives to \$30.00 or less per eligible member per month, per incentive program.

Officials from the **Missouri Department of Conservation (MDC)** assume this proposal would potentially have a negative impact on MDC funds of more than \$100,000 annually depending upon the amount of incentives and the number of members who currently utilize providers with the lowest rate.

Oversight assumes MDC is exclusively funded through the Conservation Fund and MDC would request the legislature, through the appropriations process, to, if necessary, reallocate moneys in the fund to accommodate possible higher rates.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** believes the provisions of this bill can be handled with current appropriations. However, should the extent of the work be more than anticipated, the department would request additional appropriation and/or FTE through the budget process.

ASSUMPTION (continued)

Officials from the **Missouri Consolidated Health Care Plan**, the **Department of Mental Health**, the **Department of Health and Senior Services**, the **Department of Transportation** and the **Office of Administration - Division of Accounting** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Cost - DSS (§376.1700)</u>			
Actuarial Study	(\$25,000)	\$0	\$0
Program Distribution increase	(\$173,985)	(\$180,596)	(\$187,459)
<u>Total Cost - DSS</u>	<u>(\$198,985)</u>	<u>(\$180,596)</u>	<u>(\$187,459)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$198,985)</u>	<u>(\$180,596)</u>	<u>(\$187,459)</u>
FEDERAL FUNDS			
<u>Income - DSS (§376.1700)</u>			
Program Reimbursements	\$351,015	\$338,404	\$351,263
<u>Cost - DSS (§376.1700)</u>			
Actuarial Study	(\$25,000)	\$0	\$0
Program distribution increase	(\$326,015)	(\$338,404)	(\$351,263)
<u>Total Cost - DSS</u>	<u>(\$351,015)</u>	<u>(\$338,404)</u>	<u>(\$351,263)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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 bill requires health carriers to develop a program that provides incentives for enrollees in a health plan who chose to receive health care from a provider who charges less than the average allowed amount paid by the carrier to network providers.

The incentive may be calculated as a percentage of the difference saved, a flat dollar amount, or by some other reasonable method. The incentive may be a cash payment or a credit toward a deductible and out-of-pocket limit. The incentive shall be at least 50% of the health carrier's saved costs.

The health carrier may require a person to show that they shopped around to find a provider who charges less for the service they received.

A health carrier must annually provide notice about the program. A health carrier must file a description of their program with the Department of Insurance, Financial Institutions and Professional Registration and must annually report statistics about the program, as specified in the bill.

The health carrier must make a page on their website that provides the information on the costs of a health care service compared between different network providers.

If a person chooses to receive a health care service from an out of-network provider at a price that is the same or less than the health carrier's average price for in-network providers, then the health carrier must allow the person to obtain the service from the out-of-network provider at the provider's price. Upon request, the health carrier must also apply the payments made to the deductible and out-of-pocket maximum.

A health care provider must provide a patient with a description of their health care service within two working days so that a patient can receive a cost estimate for out-of-pocket costs from their health carrier. A health provider outside of a patient's insurer network must provide a cost estimate within two working days.

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
Missouri Consolidated Health Care Plan
Department of Transportation
Missouri Department of Conservation
Office of Administration

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