

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (20-096)**

Subject

Initiative petition from Winston Apple regarding a proposed amendment to Chapter 192 of the Revised Statutes of Missouri. (Received June 27, 2019)

Date

July 17, 2019

Description

This proposal would amend Chapter 192 of the Revised Statutes of Missouri.

The amendment is to be voted on in November 2020.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Malta Bend R-V School District**, **Mehlville School District**, **Wellsville-Middletown R-1 School District**, **State Technical College of Missouri**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Attorney General's office** indicated they expect that, to the extent that the enactment of this proposal would result in increased litigation, they can absorb the costs associated with that increased litigation using existing resources. However, if the enactment of this proposal were to result in substantial additional litigation, they may request additional appropriations.

Officials from the **Department of Agriculture** indicated no fiscal impact on their department.

Officials from the **Department of Economic Development** indicated no impact to their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department.

Officials from the **Department of Higher Education** indicated this initiative petition has no impact on their department.

Officials from the **Department of Health and Senior Services (DHSS)** indicated expenses of \$0.

An unknown number of staff to oversee the Missouri Health Insurance Cooperative program would require rental space, located in Jefferson City.

Unknown Information Technology costs or savings related to this proposal.

Section 192.008:

This initiative petition creates a new health insurance program, The Missouri Health Insurance Cooperative (MHIC), with oversight by the Department of Health and Senior Services (DHSS). MHIC is to be available no later than January 1, 2022 which is six months of fiscal year 2022.

The program is to be self-supporting by annually adjusting premiums and out-of-pocket maximums to ensure that revenues support all program and administrative costs, as well as principal and interest on bonds issued to fund start-up costs for the MHIC.

They are unable to determine the number of individuals who would participate in MHIC. In addition, the premium rates charged by MHIC could be affected by such items as: (1) costs for covered services, (2) the scope of benefits that are included, (3) the plan's cost-sharing requirements, and (4) the health status of the plan's enrollees. Also, the MHIC's oversight responsibilities and costs would be directly impacted by the size of the program (i.e., number of participants, list of covered services, etc.) The Office of Administration could issue bonds for startup costs and cover initial shortages. They are not able to determine the amount of startup cost, premium rate, etc. They do not administer a similar

program of any kind, so significant unknown staffing or contractual costs would be necessary. Due to the numerous unknown factors, they are submitting an Unknown Expense equal to an Unknown Revenue (Revenue Neutral – zero impact) fiscal note.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this petition, if passed, will have no cost or savings to their department.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no fiscal impact.

Officials from the **Department of Labor and Industrial Relations** indicated this initiative petition does not appear to have a fiscal impact on their department.

Officials from the **Department of Revenue** indicated this initiative petition will not have a fiscal impact on their department.

Officials from the **Department of Public Safety - Office of the Director** indicated they see no fiscal impact due to this initiative petition.

Officials from the **Department of Social Services** indicated they do not anticipate a fiscal impact as a result of this petition.

Officials from the **Governor's office** indicated there should be no added costs or savings to their office.

Officials from the **Missouri House of Representatives** indicated no fiscal impact to their office.

Officials from the **Department of Conservation** indicated no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Department of Transportation** indicated this initiative petition seeks to establish a public health insurance option in the state of Missouri. Though many of this plan's specifics are unclear at this time, they believe that at least some of their medical plan's current subscribers would switch to the public option. This would result in a savings to their department, since they pay a large portion of each employee's healthcare premiums. The fewer employees subscribed to the medical plan, the less their department will have to pay in premiums.

Considering simply the short term impact, enacting the public option laid out in this initiative petition would result in an unknown positive fiscal impact to their department. The actual savings would be contingent upon consumer behavior.

Officials from the **Office of Administration** indicated this proposal creates the Missouri Health Insurance Cooperative (MHIC), housed in and administered by the Department of Health and Senior Services, to provide health insurance for Missouri citizens who wish to become members of the cooperative. Membership in the MHIC is to be available beginning no later than January 1, 2022 and enrollment is to be voluntary. The MHIC is to be revenue neutral, with dues and out-of-pocket maximums adjusted annually to ensure that revenues are sufficient to cover all costs. The State of Missouri is authorized to issue bonds to cover the start-up costs for the MHIC, as well as any shortages of funds needed to pay authorized benefits until the funds received from membership dues are sufficient to cover those expenses.

It should be noted that it is unclear if the State of Missouri would have the authority to issue bonds for a health insurance cooperative. Their office defers to the Department of Health and Senior Services on the fiscal impact of this initiative petition.

Officials from the **Office of State Courts Administrator** indicated there is no fiscal impact on the courts.

Officials from the **Missouri Senate** indicated they anticipate no fiscal impact.

Officials from the **Secretary of State's office** indicated unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. The cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary.

Their office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In fiscal year (FY) 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. Their office estimates \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

Their office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, they reserve the right to request funding to meet the cost of their publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have a significant impact on their office.

Officials from the **State Treasurer's office** indicated this appears to have no fiscal impact to their office, but it is unclear. There is no discussion of the fund that will manage the costs of the MHIC, how it will operate and if the fund will be held in the treasury. There is a provision for bonds to be issued to cover start-up costs. There is no maximum authorized amount, nor any requirements noted or funding for repayment of principal and interest. There is the potential that the Treasurer would have to sign any bond documents.

Officials from **Greene County** indicated there are no estimated costs or savings to report from their county for this initiative petition.

Officials from the **City of Kansas City** indicated this petition will have a positive fiscal impact on their city because it will increase the pool of insured citizens in the city. Large portions of Kansas City's Health Levy and other city dollars are spent on providing services to the underinsured and uninsured, either through direct services or through contracts with safety net providers.

Officials from **Wellsville-Middletown R-1 School District** indicated depending on how this petition would be implemented (rules and regs) this has the potential to have a substantial fiscal impact on their school in that the cost of health insurance for their employees is a large chunk of their annual budget and is ever-increasing, much faster than their increase in funding from all sources. If the cost of this insurance would be less than what their district currently pays and a process for public schools to access this program on behalf of their employees is implemented, then there could be a positive fiscal impact for their school. Right now their insurance package for their staff runs a shade over \$7,200.00 per year.

The State Auditor's office did not receive a response from **Adair County, Boone County, Callaway County, Cass County, Clay County, Cole County, Jackson County, Jasper County, St. Charles County, St. Louis County, Taney County, the City of Cape Girardeau, the City of Columbia, the City of Jefferson, the City of Joplin, the City of Kirksville, the City of Mexico, the City of Raymore, the City of St. Joseph, the City of St. Louis, the City of Springfield, the City of Union, the City of Wentzville, the City of West Plains, Cape Girardeau 63 School District, Hannibal 60 School District, Malta Bend R-V School District, Mehlville School District, State Technical College of Missouri, Metropolitan Community College, University of Missouri, and St. Louis Community College.**

Fiscal Note Summary

State governmental entities expect no costs from this proposal and may have savings of an unknown amount if some state employees switch health care coverage to this new health insurance plan. Local governmental entities expect no costs from this proposal and expect savings of an unknown amount.