

**MISSOURI STATE AUDITOR'S OFFICE  
FISCAL NOTE (20-141)**

**Subject**

Initiative petition from Winston Apple regarding a proposed amendment to Chapter 192 of the Revised Statutes of Missouri. (Received November 13, 2019)

**Date**

December 3, 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 and Workforce Development, the Department of Health and Senior Services, the Department of Commerce and Insurance, 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, Mehville 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 expect that their office could 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 a total estimated net effect on all state funds of \$0 for fiscal year 2020, \$0 for fiscal year 2021, and \$0 for fiscal year 2022.

Officials from the **Department of Higher Education and Workforce Development** indicated they report no impact.

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 of the proposed initiative creates two new health insurance program, *The Missouri Health Insurance Cooperative (MHIC)* and *Missouri Health Care Cooperative (MHCC)*, with oversight by the Department of Health and Senior Services (DHSS). MHIC and MHCC are to be available by January 1, 2022 which is six months of fiscal year 2022.

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 program 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 to 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 Unknown Revenue (Revenue Neutral – zero impact) fiscal note.

Officials from the **Department of Commerce and Insurance** 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 is expected to have no 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 this initiative petition should have no fiscal impact to their department.

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 will have no fiscal impact to their department/Missouri Highways and Transportation Commission.

Officials from the **Office of Administration** indicated this proposal creates the Missouri Health Insurance Cooperative (MHIC) and the Missouri Health Care Cooperative (MHCC), housed in and administered by the Department of Health and Senior Services, to provide health insurance and/or pay for health care for Missouri citizens who wish to become members of the cooperatives. Membership in the MHIC and MHCC is to be available beginning no later than January 1, 2022 and enrollment is to be voluntary. The MHIC and MHCC are 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 and MHCC, 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 or health care cooperative. The Office of Administration defers to the Department of Health and Senior Services on the fiscal impact of Initiative Petition 20-141.

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 and their office would be managing the cash flow of the debt service payments.

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

Officials from **St. Louis County** indicated this petition, if enacted, would have no fiscal impact on the operations of their county government.

Officials from the **City of Kansas City** indicated this proposed amendment will have no fiscal impact on their city.

Officials from **Wellsville-Middletown R-1 School District** indicated depending on the cost of insurance once these programs get started, this could represent a positive fiscal impact on public schools. If the cost of health insurance services goes down and public schools are allowed to access these programs then it would cost schools less, freeing up resources for instructional services. Of course, if the costs go up, or for some reason public schools are not allowed to access them, then never mind.

Officials from **State Technical College of Missouri** indicated there is no fiscal impact to their college.

Officials from **Metropolitan Community College** indicated if this is healthcare in addition to employer provided insurance, there will be no fiscal impact. If this is healthcare that can be selected by one of their Missouri resident employees instead of employer funded medical plans, healthcare expense for their college could be reduced. The potential amount is unknown. They have a significant number of employees outside of Missouri. They also provide "employee only" coverage for very little to no out-of-pocket expense. The savings would come if an employee that lives in Missouri was able to change their "employee+" plans down to "employee only" if their families choose to participate in a cooperative.

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, 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, University of Missouri, and St. Louis Community College.**

## **Fiscal Note Summary**

State governmental entities expect any costs to equal any savings. Local governmental entities expect no costs from this proposal and may have savings of an unknown amount if some employees or employees' families switch health care coverage to these new health cooperatives.