

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4653-05
Bill No.: HCS for SCS for SB's 842, 799 and 809
Subject: Medicaid
Type: Original
Date: April 26, 2010

Bill Summary: This legislation modifies provisions regarding MO HealthNet's authority to collect payment from third party payers. This legislation requires the Department of Social Services to establish a rate of reimbursement for providers under the MO HealthNet program which provides equal reimbursement for similar services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$1,066,936)	(\$1,327,695)	(\$1,376,820)
Total Estimated Net Effect on General Revenue Fund	(\$1,066,936)	(\$1,327,695)	(\$1,376,820)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Third Party Liability Fund	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and cost would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Missouri State Treasurer, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Mental Health** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a previous version of this proposal, officials from the **Office of the State Courts Administrator** and the **Department of Labor and Industrial Relations** each assume the proposal would have no fiscal impact on their respective agencies.

Section 208.198:

In response to a similar proposal from this year (HB1808), officials from the **Department of Social Services-MO HealthNet Division (MHD)** states currently, physicians and podiatrists are reimbursed the same for similar services in the MO HealthNet program. However, optometrists and psychologists are not always reimbursed the same as physicians for similar services. Therefore, equalizing reimbursement between these groups of providers would create a fiscal impact to the MHD.

Equalizing rates between optometrists and physicians would cost about \$306,680 annually. Equalizing rates between psychologists and physicians would cost about \$3,180,988.

Since this legislation is subject to appropriations the cost is stated as a range. Costs for the first year (FY11) are for ten months. An inflation factor of 3.7% is applied to FY12 and FY13.

FY11 (10 mths):	\$0 to \$2,906,390 (\$0 to \$1,066,936 GR);
FY12:	\$0 to \$3,616,712 (\$0 to \$1,327,695 GR); and
FY13:	\$0 to \$3,750,530 (\$0 to \$1,376,820 GR).

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures.

Oversight has, for fiscal note purposes only, assumed this proposal will be appropriated and reflexed the cost without a "\$0 to" range.

ASSUMPTION (continued)

Oversight notes that officials from the Department of Social Services have not responded to Oversight's request for fiscal information. Oversight notes that the fiscal impact for HB 1808 included cost that may or may not be included in this fiscal note however, Oversight assumes the impact to be similar.

Sections 208.215:

Officials from the **Office of the Attorney General** assume the proposal would require health plans and other third parties to pay MO Health Net liens without requiring the agency to submit the claim in a particular format or a particular time frame and without requiring action on the part of the MO HealthNet participant when they secure medical services. AGO assumes that an increase in cases could result when a plan or other third party disagrees with the agency on whether a claim was a "properly submitted medical assistance subrogation claim" as set forth in the proposal, as AGO defends MO HealthNet on third party liability matters. AGO assumes that any potential costs could be absorbed with existing resources. If significant referrals result, the AGO may seek additional appropriations to adequately represent the agency.

In response to a previous version of this proposal, officials from the **Department of Social Services - MO HealthNet Division** state Section 208.215 requires health benefit plans to process MO HealthNet subrogation claims for a period of three years from the date of service, regardless of their timely filing requirements. This would significantly increase third party liability recoveries. The estimated increase in recoveries is unknown but greater than \$1,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Costs - Department Social Services</u>			
Program Costs	<u>(\$1,066,936)</u>	<u>(\$1,327,695)</u>	<u>(\$1,376,820)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$1,066,936)</u>	<u>(\$1,327,695)</u>	<u>(\$1,376,820)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<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

Section 208.198:

Subject to appropriations, the legislation requires the Department of Social Services to establish a rate of reimbursement for certain professionals under the MO HealthNet Program which provides equal reimbursement for the same or similar health services.

Sections 208.215:

This legislation modifies provisions relating to the MO HealthNet Division's authority to collect from third party payers.

Under this legislation any third party administrator, administrative service organization, health benefit plan and pharmacy benefits manager shall process and pay all properly submitted MO HealthNet subrogation claims for a period of three years from the date services were provided or rendered, regardless of any other timely filing requirement. The entity shall not deny such claims on the basis of the type or format of the claim form, failure to present proper documentation of coverage at the point of sale, or failure to obtain prior authorization. The MO HealthNet Division shall also enforce its rights within six years of a timely submission of a claim.

Certified computerized MO HealthNet records shall be prima facie evidence of proof of moneys expended and the amount due the state.

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

Office of the Attorney General
Office of the State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Missouri State Treasurer
Department of Labor and Industrial Relations



Mickey Wilson, CPA
Director
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