

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0466-02  
Bill No.: HB 347  
Subject: Insurance - Medical; Physicians  
Type: Original  
Date: March 1, 2011

Bill Summary: Establishes the Prompt Credentialing Act which requires health carriers to credential health care professionals within 45 days of receiving a completed application or to grant a provisional credentialing status.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown exceeding \$25,938)	(Unknown exceeding \$31,125)	(Unknown exceeding \$31,125)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown exceeding \$25,938)</b>	<b>(Unknown exceeding \$31,125)</b>	<b>(Unknown exceeding \$31,125)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Other	(Unknown exceeding \$5,596)	(Unknown exceeding \$6,715)	(Unknown exceeding \$6,715)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown exceeding \$5,596)</b>	<b>(Unknown exceeding \$6,715)</b>	<b>(Unknown exceeding \$6,715)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
Federal	(Unknown exceeding \$10,133)	(Unknown exceeding \$12,160)	(Unknown exceeding \$12,160)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown exceeding \$10,133)</b>	<b>(Unknown exceeding \$12,160)</b>	<b>(Unknown exceeding \$12,160)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration, Missouri Department of Transportation, Department of Public Safety (DPS) - Director's Office** and **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the National Committee on Quality Assurance (NCQA) standard on credentialing is currently 180 days. The HCP's vendors currently comply with these national standards. Reducing the standard may result in increased administrative costs to the HCP. The costs are unknown, but expected to exceed \$50,000 annually.

Officials from the **Department of Social Services (DSS)** state this legislation does not revise Chapter 208, RSMo therefore it does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MO HealthNet Division (MHD) assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

The MHD recognizes there may be additional costs of doing business for HMOs due to the provision that requires uniform credentialing forms. If this legislation passes these costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well as the complexity of those changes. This cost is unknown but may be as high as \$100,000. Since this is an administrative cost there will be a 50% federal match rate.

If the MHD's current rates don't support additional costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

ASSUMPTION (continued)

If this occurs the cost to the MHD is unknown. These additional costs would occur in the second and third years.

FY12: Total cost is unknown < \$100,000 (GR unknown < \$50,000)

FY13: Total cost is unknown

FY14: Total cost is unknown

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE</b>			
<u>Costs - HCP</u>			
Increase in administrative costs	(Unknown exceeding \$25,938)	(Unknown exceeding \$31,125)	(Unknown exceeding \$31,125)
<u>Costs - DSS</u>			
Increase in program costs	<u>\$0 or (Unknown less than \$50,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown exceeding \$25,938)</u></b>	<b><u>(Unknown exceeding \$31,125)</u></b>	<b><u>(Unknown exceeding \$31,125)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Costs - HCP</u>			
Increase in administrative costs	<u>(Unknown exceeding \$5,596)</u>	<u>(Unknown exceeding \$6,715)</u>	<u>(Unknown exceeding \$6,715)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown exceeding \$5,596)</u></b>	<b><u>(Unknown exceeding \$6,715)</u></b>	<b><u>(Unknown exceeding \$6,715)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>FEDERAL FUNDS</b>			
<u>Income - DSS</u>			
Increase in program reimbursements	\$0 or Unknown less than \$50,000	\$0 or Unknown	\$0 or Unknown
<u>Costs - DSS</u>			
Increase in program expenditures	\$0 or (Unknown less than \$50,000)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs - HCP</u>			
Increase in administrative costs	<u>(Unknown exceeding \$10,133)</u>	<u>(Unknown exceeding \$12,160)</u>	<u>(Unknown exceeding \$12,160)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown exceeding \$10,133)</u></b>	<b><u>(Unknown exceeding \$12,160)</u></b>	<b><u>(Unknown exceeding \$12,160)</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

The proposal may have a positive fiscal impact on health care professionals that receive their credentialing more promptly.

### FISCAL DESCRIPTION

This proposal establishes the Prompt Credentialing Act which requires a health carrier to credential a health care professional within 60 days of receiving a completed application. Once credentialed, a health carrier must retroactively compensate a health care professional for services rendered from the date of his or her application.

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  
Missouri Department of Transportation  
Department of Public Safety -  
    Director's Office  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation



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Director  
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