

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0848-02  
Bill No.: HB 318  
Subject: Licenses - Professional; Insurance - Medical  
Type: Original  
Date: March 11, 2011

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Bill Summary: Requires health carriers to reimburse services provided by physical therapists in the same manner as reimbursement paid to other physical therapists rendering the same services regardless of setting or venue.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown greater than \$31,125)	(Unknown greater than \$62,250)	(Unknown greater than \$62,250)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown greater than \$31,125)</b>	<b>(Unknown greater than \$62,250)</b>	<b>(Unknown greater than \$62,250)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Other State	(Unknown greater than \$6,715)	(Unknown greater than \$13,430)	(Unknown greater than \$13,430)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown greater than \$6,715)</b>	<b>(Unknown greater than \$13,430)</b>	<b>(Unknown greater than \$13,430)</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 greater than \$12,160)	(Unknown greater than \$24,320)	(Unknown greater than \$24,320)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown greater than \$12,160)</b>	<b>(Unknown greater than \$24,320)</b>	<b>(Unknown greater than \$24,320)</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 **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 **Department of Insurance, Financial Institutions, and Professional Registration (DIFP)** assume the department can handle the provisions of this proposal with existing appropriations. However, should the number of complaints received be larger than anticipated, the DIFP may have to request additional FTE and expenses through the appropriations process.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume this legislation requires health carriers to provide the same reimbursement to all licensed physical therapists in the network. The MCHCP assumes a decrease in the level of discounts provided by vendors due to a vendor's inability to negotiate contracts with varying reimbursement rates. Based on these assumptions, the fiscal impact of this legislation is unknown but greater than \$100,000 annually.

Officials from the **Department of Social Services (DSS)** state this legislation does not revise Chapter 208, RSMo and, therefore, 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 if this legislation passes and that those 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.

ASSUMPTION (continued)

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

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

**Oversight** assumes the provisions of this proposal would be effective January 1, 2012 when the new plan year becomes effective for state employees.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE FUND</b>			
<u>Costs - MCHCP</u>			
Increase in state health plan expenditures	(Unknown greater than \$31,125)	(Unknown greater than \$62,250)	(Unknown greater than \$62,250)
<u>Costs - DSS</u>			
Increase in program expenditures	<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 FUND</b>	<b><u>(Unknown greater than \$31,125)</u></b>	<b><u>(Unknown greater than \$62,250)</u></b>	<b><u>(Unknown greater than \$62,250)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2012 (6 Mo.)	FY 2013	FY 2014
<b>OTHER STATE FUNDS</b>			
<u>Costs - MCHCP</u>			
Increase in state health plan expenditures	<u>(Unknown greater than \$6,715)</u>	<u>(Unknown greater than \$13,430)</u>	<u>(Unknown greater than \$13,430)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown greater than \$6,715)</u></b>	<b><u>(Unknown greater than \$13,430)</u></b>	<b><u>(Unknown greater than \$13,430)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS</u>			
Increase in program reimbursements	\$0 or Unknown up to \$50,000	\$0 or Unknown	\$0 or Unknown
<u>Costs - DSS</u>			
Increase in program expenditures	<u>\$0 or (Unknown up to \$50,000)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
<u>Costs - MCHCP</u>			
Increase in state health plan expenditures	<u>(Unknown greater than \$12,160)</u>	<u>(Unknown greater than \$24,320)</u>	<u>(Unknown greater than \$24,320)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown greater than \$12,160)</u></b>	<b><u>(Unknown greater than \$24,320)</u></b>	<b><u>(Unknown greater than \$24,320)</u></b>
<u>FISCAL IMPACT - Local Government</u>			
	FY 2012 (6 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small businesses that provide health benefits to employees if health insurance premiums increase as a result of the provisions in this proposal.

FISCAL DESCRIPTION

This proposal requires health insurance carriers to reimburse a physical therapist for any service or procedure within the scope of practice in the same amounts as paid to a licensed physical therapist performing the same or similar service or procedure regardless of the setting or venue in which the service or procedure is rendered.

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



Mickey Wilson, CPA  
Director  
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