

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5713-01  
Bill No.: HB 1645  
Subject: Insurance - Medical; Health Care; Hospitals; Liability  
Type: Original  
Date: February 18, 2014

Bill Summary: This proposal changes the hospital liens law requiring hospitals to file claims when presented with health insurance and accept contractual health insurance payments as payment in full for covered services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown greater than \$43,250)	(Unknown greater than \$36,905)	(Unknown greater than \$36,905)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown greater than \$43,250)</b>	<b>(Unknown greater than \$36,905)</b>	<b>(Unknown greater than \$36,905)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures unknown greater than \$63,000 and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</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 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state the proposed legislation requires that health plans pay claims, even if the claim should be the responsibility of another party, and recoup these costs from the third party at a later date instead of rejecting the claim up front as is currently done.

The MHD is not a health benefit plan or health carrier as those terms are defined in 376.1350. This proposal should have no impact on the MHD for that reason.

The Managed Care health maintenance organizations (HMOs) are health benefit plans as defined in 376.1350 (see section 208.431). Since MHD pays a capitated rate to the managed care plans, which is net of their third party resource recoveries, the proposal could impact the Managed Care HMOs' costs. The fiscal impact would be "Unknown, greater than \$100,000".

It is not known to what extent this legislation would increase capitation rates without further analysis. Therefore, the costs include a first year cost for an actuarial study to determine the impact of this requirement to the Medicaid rate ranges to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services (CMS). The cost of the study will depend on the complexity of the analysis needed to address this program change. The cost of the study could be up to \$25,000.

Total Cost:

FY 15: Unknown > \$125,000 (Unknown > \$49,405 GR; Unknown > \$75,595 Federal)  
FY 16: Unknown > \$100,000 (Unknown > \$36,905 GR; Unknown > \$ 63,095 Federal)  
FY 17: Unknown > \$100,000 (Unknown > \$36,905 GR; Unknown > \$ 63,095 Federal)

**Oversight** notes DSS-MHD estimates annual costs to be greater than \$100,000. Oversight assumes FY 15 costs to be Unknown > \$108,333 [(\$100,000 X 10/12 months = \$83,333) + \$25,000 actuarial study]. Costs for the actuarial study are split 50/50 Federal-State. Other cost are reimbursed 36.9% GR; 63.1% Federal.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation Employee Benefits Section for response on behalf of the Highway Patrol. Please see their fiscal note for the potential fiscal impact of this proposal.

HWC:LR:OD

ASSUMPTION (continued)

Officials from the **Office of State Courts Administrator**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Health and Senior Services**, the **Missouri Consolidated Health Care Plan**, and the **Missouri Department of Conservation** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Missouri Department of Transportation (DOT)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to similar legislation from the current session (SB 611), DOT officials assumed the proposal would have no fiscal impact on their organization.

Officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS-MHD (§§ 430.225, 430.230 &amp; 430.235)</u>			
Program expenditures	<u>(Unknown greater than \$43,250)</u>	<u>(Unknown greater than \$36,905)</u>	<u>(Unknown greater than \$36,905)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown greater than \$43,250)</u></b>	<b><u>(Unknown greater than \$36,905)</u></b>	<b><u>(Unknown greater than \$36,905)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>FEDERAL FUNDS</b>			
<u>Income</u> - DSS-MHD (§§ 430.225, 430.230 & 430.235)			
Program reimbursements	Unknown greater than \$65,083	Unknown greater than \$63,095	Unknown greater than \$63,095
<u>Costs</u> - DSS-MHD (§§ 430.225, 430.230 & 430.235)			
Program expenditures	<u>(Unknown greater than \$65,083)</u>	<u>(Unknown greater than \$63,095)</u>	<u>(Unknown greater than \$63,095)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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 administrative impact on small business providers by reducing the time involved in obtaining payment for services. Insurers will no longer be allowed to deny a claim on the basis that another party or carrier is responsible for the patient's injuries.

FISCAL DESCRIPTION

This proposal requires medical providers to accept health insurance offered by an accident victim, submit bills for services to the insurance company, and accept payment from the insurance company for any covered service as payment in full. Additionally, a health insurance company cannot deny coverage for services on the basis that a third party tortfeasor is responsible for the victim's injuries. The proposal does not prevent the medical providers from

FISCAL DESCRIPTION (continued)

recovering under the lien for services provided that were not covered by a health insurance plan. The proposal also reduces the amount of any lien filed by the medical provider for failure to pursue an insurance claim by the contractual discounts or other limitations that would have otherwise been applied.

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

Office of 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  
Department of Public Safety -  
    Missouri State Highway Patrol  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation

Not Responding:

Missouri Department of Transportation



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