

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 2412-01  
BILL NO.: HB 1195  
SUBJECT: Medical Procedures and Personnel; Health Care  
TYPE: Original  
DATE: January 11, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds *</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

**\*Expected to exceed \$100,000 annually.**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
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>

**\*Revenues and expenditures are expected to exceed \$100,000 annually and net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Health**, the **Department of Insurance**, the **Department of Transportation**, the **Missouri Consolidated Health Care Plan**, and the **Department of Conservation** assume this proposal would not fiscally impact their agencies.

**Department of Social Services - Division of Medical Services (DMS)** officials assume that single use medical devices would be primarily used in a hospital setting. DMS states that any additional cost as a result of this proposal would hit the hospital appropriation. DMS is unable to determine the extent of the fiscal impact if this proposal is passed, but believes that the costs would exceed \$100,000. DMS also assumes that the majority of the cost would not be realized until later years. DMS states this is due to the current Medicaid reimbursement methodology for inpatient claims in which are reimbursed a per diem rate that is based on a previous years' cost report. The hospital's costs are split out to Medicaid based on the number of Medicaid inpatient days compared to total inpatient days or on Medicaid charges to total charges. The total fiscal impact to Medicaid would not be realized until fiscal year 2005. For instance, if the impact of this proposal would increase the inpatient per diem by \$1, the total impact would amount to \$469,000.

If the single use medical devices are used in the outpatient setting, the cost would be realized much sooner. DMS states this is due to the reimbursement methodology for outpatient claims, which are initially reimbursed a percentage of billed charges and then settled during the settlement process. DMS assumes that this additional cost could be realized by hospitals prior to the effective date of this proposal since the hospitals could comply with the proposal prior to the effective date and the cost would be covered by Medicaid.

Therefore, DMS assumes an unknown cost of greater than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Department of Social Services</u>			
Coverage of single use medical devices	(Unknown)	(Unknown)	(Unknown)

**ESTIMATED NET EFFECT ON**

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE FUND *</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>

**\*Expected to exceed \$100,000 annually.**

**FEDERAL FUNDS**

<u>Income - Department of Social Services</u>			
Medicaid reimbursements	Unknown	Unknown	Unknown
<u>Costs - Department of Social Services</u>			
Medical assistance payments	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS *</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**\*Revenues and expenditures are expected to exceed \$100,000 annually and net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent they would incur additional costs for the single use medical devices.

DESCRIPTION

This proposal would prevent critical medical devices as classified by the Centers for Disease Control and Prevention from being used in more than one medical procedure. The proposal would specify the conditions which prohibit the re-use of such devices. Critical medical devices would be defined as patient care devices which are introduced into the body and come into direct contact with the bloodstream or other parts of the body which are normally considered sterile.

DESCRIPTION (continued)

L.R. NO. 2412-01  
BILL NO. HB 1195  
PAGE 4 OF 4  
January 10, 2000

A person who violates the provisions of this proposal would be guilty of a misdemeanor and would be fined no more than \$5,000 for the first offense and no more than \$10,000 for the second and subsequent offenses.

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

Missouri Consolidated Health Care Plan  
Department of Health  
Department of Social Services  
Department of Transportation  
Department of Conservation  
Department of Public Safety  
Missouri State Highway Patrol  
Department of Insurance



Jeanne Jarrett, CPA  
Director  
January 10, 2000