

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4052-01
Bill No.: HB 1570
Subject: Health Care; Health Care Professionals; Physicians
Type: Original
Date: March 18, 2004

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance** and **Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the proposal prohibits a health carrier or health benefit plan from changing any code submitted by a provider of health care services without written consent from the physician unless the change is pursuant to correct coding initiative guidelines or the change is based on the examination of the patient record. The proposal also prohibits amendments to provider contracts or policy from taking effect until 60 days after provider notification and health carriers from imposing a fee, commission, rebate or other form of compensation as a condition of participation.

It is the policy of the DMS to not make any changes to the information submitted by a provider on a fee-for-service claim or to charge providers to enroll in the Medicaid program. The 60-day notification differs from the current DMS time frame of 45 days. However, this would only be a policy change and would have no fiscal impact.

The DMS contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The managed care health plans are also subject to the proposal. It is not the policy of the managed care health plans to change any codes submitted by a provider

ASSUMPTION (continued)

unless the change is pursuant to correct coding initiative guidelines as specified in the proposal. Therefore, there is no fiscal impact to the DMS.

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

Officials from the **Missouri Department of Transportation (DOT)** state the proposal prohibits health carriers and health benefit plans from changing codes without express written permission of the physician and prohibits health carriers from requiring a fee, commission or rebate as a prerequisite for a provider to become a participating provider. The proposal will have no fiscal impact on the MHTC or DOT.

The Highway and Patrol Medical Plan does not fall within the definitions of “health carrier” or “health benefit plan”. Further, since the proposal does not mandate coverage of specific health benefits, services or providers, Section 104.801 would not require the medical plan to follow the proposal. As a result, the proposal will have no fiscal impact on the Highway and Patrol Medical Plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the health plans would need to have the express written permission of the physician unless the change is pursuant to correct coding or the change is based on examination of the patient records to determine the services provided by the provider. Therefore, the proposal does not fiscally impact the HCP.

| <u>FISCAL IMPACT - State Government</u> | FY 2005 (10 Mo.) | FY 2006 | FY 2007 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2005 (10 Mo.) | FY 2006 | FY 2007 |
|---|---------------------|------------|------------|
| | <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.

DESCRIPTION

Effective January 1, 2005, health carriers, health benefit plans, and entities that contract with health care providers to provide health care services are prohibited from changing any insurance code submitted by the provider for reimbursement purposes unless the provider gives express written permission.

Exceptions which allow health carriers, health benefit plans, and other entities to change an insurance code are: (1) If the change is consistent with correct coding initiative guidelines that are related to current procedural terminology (cpt) guidelines; or (2) If the change is based on an examination of a patient's medical record to determine the health care services provided.

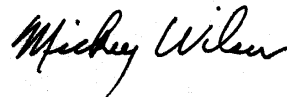
Health carriers, health benefit plans, and other entities that contract with health care providers for health care services are required to attach the following information to provider contracts upon execution: (1) Insurance codes and code modifiers that can be submitted by providers for insurance reimbursement; (2) Fee schedules, reimbursement policies, and information concerning the range of services reasonably expected to be delivered by a contracting health care provider; and (3) Material addenda, schedules, exhibits, and policies pertaining to a range of services delivered by a contracting health care provider.

The proposal also prohibits: (1) Amendments to provider contracts, addenda, and fee schedules from taking effect until 60 days after health care providers have been provided the same information; and (2) Health carriers from requiring that health care providers pay a fee, commission, rebate, or other form of compensation as a condition of becoming or remaining a participating health care provider. This provision will take effect August 28, 2004.

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 18, 2004