

HCS HB 1233 -- SUBROGATION RIGHTS OF PUBLIC ENTITIES

SPONSOR: Luetkemeyer (Dixon)

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Financial Services by a vote of 19 to 0.

This substitute grants public entities that self-insure for their health care benefits the right to subrogation in the same manner, with the same rights, obligations, and available remedies that the Department of Social Services has with the Medicaid Program.

FISCAL NOTE: Estimated Income on General Revenue Fund of Unknown in FY 2005, FY 2006, and FY 2007. May exceed \$100,000 annually. Estimated Income on Other State Funds of Unknown in FY 2005, FY 2006, and FY 2007. May exceed \$100,000 annually.

PROPOSERS: Supporters say that every year some public employees are unjustly enriched after they are paid by a third party for their medical bills from an injury when their employer actually pays those bills. The public entity should be allowed subrogation rights to collect that money. For example, Springfield's public utilities paid out \$34.7 million in health care benefits last year, and roughly 2% of those were actually caused by third parties who were legally responsible for the medical bills. Approximately 4% of the Springfield R-12 School District's claims could have been subrogated last year. Public entities should be allowed to pursue these damages from third parties. This is already the law with Medicare, Medicaid, and worker's compensation claims. Public entities all over the state have been forced to make cuts because of budget restraints, and this is money that these entities could be saving.

Testifying for the bill were Representative Dixon; City of Springfield; Springfield R-12 School District; Department of Transportation; and Missouri Association of Municipal Utilities.

OPPOSERS: There was no opposition voiced to the committee.

Richard Smreker, Senior Legislative Analyst