

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0575-01
Bill No.: HB 674
Subject: Contracts and Contractors; Insurance - Medical; Physicians
Type: Original
Date: March 22, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services, Missouri Department of Transportation, Department of Public Safety (DPS) - Director's Office, Department of Insurance, and Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

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 **Missouri Consolidated Health Care Plan (HCP)** state health plans would need to have express written permission of the physician unless the change is pursuant to correct coding. The change must also be based on examination of the patient records to determine the services provided by the provider. There will be some additional administrative cost since an examination of the medical record is required if guidelines state that the codes should be changed. Therefore, this proposal will add some cost, but it is not anticipated to be significant.

The HCP assumes, however, the health carrier would still be able to "re-bundle" services is appropriate. This means if the provider bills full change for multiple services and, according to the CPT Coding Guidelines, the services should have been billed under fewer codes or some

ASSUMPTION (continued)

codes reimbursed at a lower rate, the health carrier could still make adjustments. If this interpretation is not correct, then this practice and upcoding (billing for a higher level of service than actually provided) could add significant cost that would be reflected in higher premiums.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<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

This proposal prohibits health carriers and health benefit plans from changing or attempting to change a code submitted by the health care provider for services without the written permission of the physician, unless the change is done pursuant to correct coding initiative guidelines and the change is based on the examination of the patient record. Codes, fee schedules, and reimbursement policies of the health carrier or health benefit plans must be included in the contract with the health care provider.

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 -
 Director's Office
 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 22, 2005