

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3881-01  
Bill No.: HB 1259  
Subject: Health Care; Insurance - Medical; Physicians  
Type: Original  
Date: May 8, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<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 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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#### 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 **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 Consolidated Health Care Plan (HCP)** state the health plans would need to have the expressed 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 even if guidelines state that the codes should be changed. Therefore, the proposal will add some cost, but it is not anticipated to be significant.

##### ASSUMPTION (continued)

HW-C:LR:OD (12/02)

This response assumes the health carrier would still be able to “re-bundle” services if appropriate. This means if the provider bills full charge for multiple services and, according to the CPT Coding Guidelines, the services should have been billed under fewer codes or some codes reimbursed at a lower rate, the health carrier could still make adjustments. If this interpretation is not correct, then this practice of 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 2007 (6 Mo.)	FY 2008	FY 2009
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (6 Mo.)	FY 2008	FY 2009
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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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.

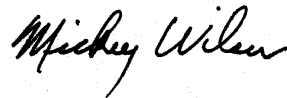
The bill becomes effective January 1, 2007.

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

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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  
May 8, 2006