

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3303-01
Bill No.: HB 1375
Subject: Health Care; Health Care Professionals; Insurance, Medical; Medicaid, Social Services Department
Type: Original
Date: February 19, 2008

Bill Summary: This legislation specifies that under the MO HealthNet program providers can receive enhanced reimbursement for certain services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	\$0 to (\$15,762,853)	\$0 to (\$19,799,977)	\$0 to (\$20,695,476)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$15,762,853)	\$0 to (\$19,799,977)	\$0 to (\$20,695,476)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of \$0 to \$26,376,670 in FY09, \$0 to \$33,089,580 in FY10 and \$0 to \$34,578,611 in FY11 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** assume the proposal could generate some additional revenue by the DMH employed physicians. If DMH serves as the health care home and the physician does some of the other required activities, the rates would be substantially greater than those paid today. DMH estimates the impact would be additional revenues of less than \$100,000.

Officials from the **Department of Social Services-Family Services Division** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state in FY08 money was appropriated for MHD to contract with an enrollment broker to assist MHD participants select a health care home and money was also appropriated for health risk assessments to be completed jointly by the participant and the provider. Additional money was requested in a new decision item for FY09. It is assumed that MO HealthNet will continue contracting with the enrollment broker and reimbursing for the health risk assessment.

ASSUMPTION (continued)

Section 208.148.3 states that physicians who meet these requirements will be reimbursed 120% of the Medicare rate for new patients and 110% of the Medicare rate for established patients.

New Patients:

Claims data from FY07 was used to determine the fiscal impact of increasing the rates. The American Medical Association Current Procedural Terminology (CPT) codes 99201 to 99205 for new patients and CPT codes 99211 to 99215 for established patients were reviewed. The cost to increase office visit rates for new patients to 120% of the Medicare rate will be \$7,843,532 (children-\$5,115,024, adults-\$2,728,508). For FY09, it is assumed the cost will be for 10 months; therefore it is \$6,533,662. After applying a 4.5% medical inflation factor for each year, the cost for FY10 is \$8,196,491 and for FY11 it is \$8,565,333.

Established Pat

The annual cost to increase office visit rates for established patients to 110% of the Medicare rate will be \$42,864,179 (children-\$25,838,467, adults-\$17,025,712). For FY09, it is assumed the cost will be for 10 months; therefore it is \$35,705,861. After applying a 4.5% medical inflation factor for each year, the cost for FY10 is \$44,793,067 and for FY11 it is \$46,808,756.

Total Fiscal Impact:

Since it is unknown how many physicians will meet these requirements, the total annual fiscal impact to the MHD for this legislation will be a range from \$0 to \$50,707,711. The fiscal impact for FY09 will be \$0 to \$42,239,523, FY10 it will be \$0 to \$52,989,558 and for FY11 it will be \$0 to \$55,374,089.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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GENERAL REVENUE FUND

<u>Income</u> - Department of Mental Health Additional Revenue/Rate Increase	Less than \$100,000	Less than \$100,000	Less than \$100,000
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<u>Costs</u> - Department of Social Services Rate Increase	<u>\$0 to</u> <u>(\$15,862,853)</u>	<u>\$0 to</u> <u>(\$19,899,977)</u>	<u>\$0 to</u> <u>(\$20,795,476)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 to</u> <u>(\$15,762,853)</u>	<u>\$0 to</u> <u>(\$19,799,977)</u>	<u>\$0 to</u> <u>(\$20,695,476)</u>
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FEDERAL FUNDS

<u>Income</u> - Department of Social Services Federal Assistance	\$0 to \$26,376,670	\$0 to \$33,089,580	\$0 to \$34,578,611
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<u>Costs</u> - Department of Social Services Rate Increase	<u>\$0 to</u> <u>(\$26,376,670)</u>	<u>\$0 to</u> <u>(\$33,089,580)</u>	<u>\$0 to</u> <u>(\$34,578,611)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Physicians that operate as a small business could have an economic impact.

FISCAL DESCRIPTION

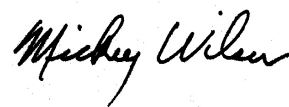
The proposed legislation specifies that under the MO HealthNet Program, the successor to the Missouri Medicaid Program, providers can receive enhanced reimbursement for certain services. The enhanced rate will be 120% of the federal Medicare reimbursement rate for new patients and 110% for established patients. In order to qualify for the enhanced reimbursement, the provider must:

- (1) Become the health care home for a MO HealthNet patient;
- (2) Complete a patient history and consultation for the patient; and
- (3) File a treatment plan for the patient.

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 Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State



Mickey Wilson, CPA

L.R. No. 3303-01
Bill No. HB 1375
Page 7 of 7
February 19, 2008

Director
February 19, 2008

SEC:LR:OD (12/06)