

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4584-02
Bill No.: HB 2394
Subject: Health Care; Health Care Professionals; Health, Public
Type: Original
Date: March 31, 2008

Bill Summary: This legislation provides for transparency in the price and quality of care regarding the provision of health care services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown but Greater than \$207,833)	(Unknown but Greater than \$239,453)	(Unknown but Greater than \$242,888)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$207,833)	(Unknown but Greater than \$239,453)	(Unknown but Greater than \$242,888)

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 9 pages.

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

*Incomes and costs of Unknown but Greater than \$209,277 in FY09, Unknown but Greater than \$243,271 in FY10 and Unknown but Greater than \$246,820 in FY11 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1.62 FTE	1.62 FTE	1.62 FTE
Federal	1.38 FTE	1.38 FTE	1.38 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☐ 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 Mental Health (DMH)** assumes this proposal does not apply to DMH facilities or providers. If however, DMH or DMH providers are required to provide the data required in this proposal, DMH could have a significant fiscal impact.

Officials from the **Department of Insurance, Financial Institutions & Professional Registration (DIFP)** estimates approximately 109 insurers would be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the Department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$5,450.

DIFP assumes that the appeals process outlined in 191.1005.5(7) will be contracted. The Department currently contracts out a similar review/appeal process that is used on an as needed basis and is billed based on an hourly rate. If the cost of contracting exceeds what existing appropriation can absorb, additional authority will be requested.

Officials from the **Department of Health and Senior Services (DHSS)** state the following:

Division of Senior and Disability Services (DSDS):

Section 191.1005.1 - States that providers of health care service are required to provide patients or consumers of health care with quality of care data. For the purposes of this fiscal estimate, DSDS assumes that Home and Community Based (HCB) services are included in the definition of "health care services" and that HCB services providers would be considered health care providers. If the intent is not to include HCB services providers as health care providers, there would be no fiscal impact on DSDS for this proposal.

Section 191.1004.3 - States that the term "insurer" includes the State of Missouri when services are provided under a medical assistance program. This would include any services provided under the HCB services programs administered by DSDS.

Section 191.1005.4 - Requires all provider contracts entered into by a health care provider and insurer to include quality of care data disclosure requirements as defined in Section 191.1005. In order to ensure providers are compliant with this section, DSDS will require three FTE. One Aging Program Specialist (APS) II would work to define and continually review the quality of care data elements disclosed by health care providers to DSDS clients. Two APS IIs would

ASSUMPTION (continued)

monitor implementation of the quality of care data disclosure compliance for over 400 contracts with HCB providers and investigate complaints regarding non-compliance and recommend appropriate follow-up and corrective action. Standard per FTE expense and equipment costs for three FTE are included in this fiscal estimate.

The blended Federal participation rate of 54 percent GR and 46 percent Federal was applied to this cost estimate for Personal Services and Expense and Equipment.

Division of Regulation and Licensure (DRL):

Section 191.1008.3(1) - Requires DHSS to investigate complaints of alleged violations of this section by any person or entity other than a health carrier. If the complaint were against an individual, the DHSS would have no authority. These complaints would need to be handled by the Board of Healing Arts or the Board of Nursing. Complaints against an entity could also include types of health care settings that are not currently under the regulatory charge of DHSS such as physician's offices, clinics, etc. The violations referred to in this section do not seem to be clinical or regulatory in nature. Instead, they appear to be concerned more with data disclosure.

DRL is not able to determine how many complaints would be received that would require investigation, therefore we are unable to determine the fiscal impact of this bill. DRL assumes the fiscal impact is unknown.

Officials from the **Department of Social Services** assume the proposal would have a fiscal impact to the MO HealthNet Division (MHD). MHD will have costs for a contractor to collect, compile, evaluate and compare the quality of care data. The costs for a contractor are unknown, but greater than \$250,000.

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The FMAP used in the DOS response is a 50/50 split between General Revenue Funds and Federal Funds.

Officials from the **Office of the Secretary of State** have not responded to Oversight's request for fiscal information.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - Department of Health and Senior Services</u>			
Personal Service	(\$52,244)	(\$64,573)	(\$66,511)
Fringe Benefits	(\$23,646)	(\$29,226)	(\$30,103)
Equipment and Expense	(\$27,818)	(\$20,654)	(\$21,274)
Program Costs	(Unknown)	(Unknown)	(Unknown)
<u>Total Costs - DHSS</u>	<u>(\$103,708 to</u>	<u>(\$114,453 to</u>	<u>(\$117,888 to</u>
	<u>Unknown)</u>	<u>Unknown)</u>	<u>Unknown)</u>
FTE Change - DHSS	1.62 FTE	1.62 FTE	1.62 FTE
<u>Costs - Department of Social Services</u>			
Contractor Costs	<u>(Unknown but</u>	<u>(Unknown but</u>	<u>(Unknown but</u>
	<u>Greater than</u>	<u>Greater than</u>	<u>Greater than</u>
	<u>\$104,125)</u>	<u>\$125,000)</u>	<u>\$125,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but</u>	<u>(Unknown but</u>	<u>(Unknown but</u>
	<u>Greater than</u>	<u>Greater than</u>	<u>Greater than</u>
	<u>\$207,833)</u>	<u>\$239,453)</u>	<u>\$242,888)</u>
Estimated Net FTE Change for General Revenue Fund	1.62 FTE	1.62 FTE	1.62 FTE

FEDERAL FUND

Income - Department of Health and Senior Services

Federal Assistance	\$105,152 to Unknown	\$118,271 to Unknown	\$121,820 to Unknown
--------------------	-------------------------	-------------------------	-------------------------

Income - Department of Social Services

Federal Assistance	(Unknown but Greater than \$104,125)	(Unknown but Greater than \$125,000)	(Unknown but Greater than \$125,000)
--------------------	--	--	--

Costs - Department of Health and Senior Services

Personal Service	(\$44,504)	(\$55,007)	(\$56,657)
Fringe Benefits	(\$20,143)	(\$24,896)	(\$25,643)
Equipment and Expense	(\$23,697)	(\$17,593)	(\$18,122)
Other Costs	(\$16,808)	(\$20,775)	(\$21,398)
Program Costs	(Unknown)	(Unknown)	(Unknown)
<u>Total Costs</u> - DHSS	<u>(\$105,152 to Unknown)</u>	<u>(\$118,271 to Unknown)</u>	<u>(\$121,820 to Unknown)</u>
FTE Change - DHSS	1.38 FTE	1.38 FTE	1.38 FTE

Costs - Department of Social Services

Contractor Costs	<u>(Unknown but Greater than \$104,125)</u>	<u>(Unknown but Greater than \$125,000)</u>	<u>(Unknown but Greater than \$125,000)</u>
------------------	---	---	---

ESTIMATED NET EFFECT ON FEDERAL FUNDS

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Federal Funds	1.38 FTE	1.38 FTE	1.38 FTE

INSURANCE DEDICATED FUND

Income - Department of Insurance,
Financial Institutions & Professional
Registration

Filing Fee	<u>\$5,450</u>	<u>\$0</u>	<u>\$0</u>
------------	----------------	------------	------------

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$5,450</u>	<u>\$0</u>	<u>\$0</u>
---	-----------------------	-------------------	-------------------

<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

This will have an unknown effect on small health care providers.

FISCAL DESCRIPTION

The proposed legislation establishes guidelines for transparency in pricing and quality of health care services.

This legislation specifies that a patient or consumer who has requested an estimated cost of health care services will not be required to pay for the services until an estimate has been provided. This provision does not apply to emergency services.

This legislation requires health care providers to issue a disclaimer regarding possible differences between the estimated and the actual billed costs of services.

This legislation requires health care providers to provide patients or consumers with quality of care data. Failure to comply will be basis for licensure sanction.

FISCAL DESCRIPTION (continued)

This legislation requires all contracts between health care providers and insurers to include quality of care data disclosure requirements.

This legislation specifies the requirements that insurers must use in programs to evaluate and compare the performance and efficiency of health care providers.

This legislation prohibits a provider from declining to enter into a contract with an insurer due to quality of care data disclosure requirements or programs to evaluate and compare performance and efficiency.

Requirements are established for a person who sells or distributes quality of care data that is not included in the quality measures used by the federal Centers for Medicare and Medicaid Services. This provision does not apply to articles or research studies that are published in peer-reviewed academic journals. The Department of Health and Senior Services is required to investigate complaints of alleged violations and is authorized to impose a penalty of up to \$1,000.

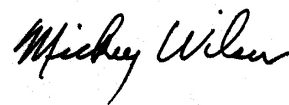
Alleged violations by health insurers will be investigated and enforced by the Department of Insurance, Financial Institutions, and Professional Registration.

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 Insurance, Financial Institutions & Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services

Not Responding: Office of the Secretary of State

A handwritten signature in black ink, appearing to read "Mickey Wilson". The signature is written in a cursive, flowing style.

L.R. No. 4584-02
Bill No. HB 2394
Page 9 of 9
March 31, 2008

Mickey Wilson, CPA
Director
March 31, 2008