

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4774-02
Bill No.: HCS for HB 1880
Subject: Health Care; Health Care Professionals; Insurance - Medical; Physicians
Type: Original
Date: February 28, 2008

Bill Summary: Places certain restrictions on provider contracts by a health carrier.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$36,810)	(Unknown greater than \$36,810)	(Unknown greater than \$36,810)
Total Estimated Net Effect on General Revenue Fund	(\$36,810)	(Unknown greater than \$36,810)	(Unknown greater than \$36,810)

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 5 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*

* Income and expenditures unknown greater than \$60,000 and 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 Insurance, Financial Institutions and Professional Registration, Missouri Consolidated Health Care Plan, and Missouri Department of Conservation** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Public Safety (DPS) - Director's Office** defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **DPS - Missouri State Highway Patrol (MHP)** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Department of Transportation (DOT)** state the DOT/Missouri State Highway Patrol Medical Plan (Plan) does not fall within the term "health carrier" as defined in section 376.1350. The Plan does not directly contract with providers. This legislation does not mandate coverage; therefore, there will be no fiscal impact to the Missouri Highways and Transportation Commission or the Plan.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state this legislation revises chapter 376 which does not affect the MO HealthNet fee for services program. Therefore, there will be no fiscal impact to that program.

However, this legislation affects the make-up of the HMO networks and also reduces the ability of the HMOs to negotiate terms. The cost impact will be incurred during the bidding process and when contracts are renewed. The first year cost is for the actuary to renegotiate contracts and to determine any change in the capitated rates. That cost will be \$100,000. The cost in the subsequent years is for any possible increase in capitation rates. That cost is unknown but greater than \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - DOS</u>			
Increase in program costs	<u>(\$36,810)</u>	<u>(Unknown greater than \$36,810)</u>	<u>(Unknown greater than \$36,810)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$36,810)</u>	<u>(Unknown greater than \$36,810)</u>	<u>(Unknown greater than \$36,810)</u>
FEDERAL FUNDS			
<u>Income - DOS</u>			
Increase in program reimbursements	\$63,190	Unknown greater than \$63,190	Unknown greater than \$63,190
<u>Costs - DOS</u>			
Increase in program expenditures	<u>(\$63,190)</u>	<u>(Unknown greater than \$63,190)</u>	<u>(Unknown greater than \$63,190)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0*</u>	<u>\$0*</u>	<u>\$0*</u>
* Income and expenditures unknown greater than \$60,000 and net to \$0.			
<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

The proposal may impact small businesses that provide insurance coverage for their employees if HMOs or health insurers adjust premiums as a result of this proposal.

FISCAL DESCRIPTION

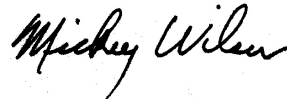
This proposal prohibits any agreement between a health insurance carrier and a licensed health care provider (as defined in 376.1350) from containing a provision which: (1) Prohibits a provider from contracting with another carrier to accept a lower reimbursement than the payment specified in the agreement; (2) Requires the provider to accept a lesser reimbursement from the carrier if the provider agrees with another carrier to accept the lower reimbursement for services; (3) Terminates or renegotiates the agreement if the provider agrees to accept a lower payment from a different carrier for services; or (4) Requires the provider to disclose his or her contracted reimbursement rates with all contracted providers. The provisions of this proposal include pharmacies and home health agencies also.

A violation of any of these provisions will make an agreement void and unenforceable.

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

Missouri Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



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