

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1225-01  
Bill No.: HB 544  
Subject: Medicaid/MO HealthNet; Physicians; Social Services Department  
Type: Original  
Date: January 17, 2017

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Bill Summary: This proposal specifies that primary care providers who provide services to MO HealthNet participants after normal business hours are eligible for additional reimbursement.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$1,402,044)	(\$2,867,007)	(\$2,984,554)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$1,402,044)</b>	<b>(\$2,867,007)</b>	<b>(\$2,984,554)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures exceed \$5 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **§208.280 - After normal business hours reimbursement to primary care providers**

Officials from the **Department of Social Services (DSS), MO HealthNet Division and Division of Legal Services (DLS)** state this legislation requires DSS to promulgate regulations that allow primary care providers serving MO HealthNet participants after 5:00pm and before 7:00am to receive additional reimbursement to increase access for working adults and families.

Mo HealthNet currently offers two fee-for-service (FFS) procedure codes that can be billed for physician office/clinic services and Rural Health Clinic/Federally Qualified Health Center (RHC/FQHC) services in addition to the appropriate procedure code. Current Procedural Terminology (CPT) code 99050 can be billed for after-hours services and CPT 99051 can be billed for services provided on Sundays and holidays. MHD assumes the bill is referring more to services provided after-hours vs. Sundays and holidays. The MO HealthNet provider manual states CPT 99050 can "only be applied to those unusual circumstances occurring outside the regular/designated office hours as represented to the public, and during which the physician is not normally on-site." In addition to promulgating the required regulation, MHD would revise the provider manual to allow the code to be billed for primary care services anytime the service was provided between 5pm-7am.

The current MO HealthNet Managed Care contract with health plans allows primary care providers to have formal arrangements with other providers to see their patients after normal hours. It is assumed this bill would increase access beyond this requirement.

MHD is currently drafting a state plan amendment and regulation that would identify a fee-for-service emergency room claim submitted by a Hospital as potentially Low-Acuity Non-Emergency (LANE). LANE has been used in rate development for Managed Care since at least 2012. MHD intends to implement a policy effective in FY 2018 that would reduce reimbursement to hospitals for serving individuals with non-emergent needs in an emergency room by reducing reimbursement by 50%. This initiative is intended to reduce inappropriate use of emergency room care. Therefore, MHD believes any savings from increased access to after-hours primary care services will not result in hospitals savings as the rate that will be reimbursed for non-emergent use of hospitals would be paid at a similar rate as a physician's office or clinic visit.

In FY16, the MHD fee-for-service (FFS) program reimbursed primary care providers 6,691,055 units of care. MHD believes additional reimbursement to primary care providers serving MO HealthNet recipients after hours will encourage more providers to offer regular office hours after 5pm. MHD assumes more MO HealthNet recipients will choose after-hour care in lieu of normal

ASSUMPTION (continued)

business hours. The current add-on payment for after-hours care is \$5.35. Therefore, MHD assumes 10% of the units of service provided in FY16 will be provided after 5pm at a cost of \$3,579,717 (6,691,055 units \* 10% \* \$5.35). All prior year FFS expenditures represent costs for both the aged, blind, and disabled (ABD) population which will remain FFS in FY18 as well as some custodial parents, children, and pregnant women who will be served under the MO HealthNet Managed Care program in FY18. The non-ABD population served in FFS are referred to as "managed care-like". Based on Table 23 and the 2016 MO HealthNet Provider Rate Study, total annual FFS cost is estimated at \$1,515,077 for the ABD population (2,831,915 units \* 10% \* \$5.35).

	FFS Units of Care	MC-Like Units of Care	Total Units of Care
Primary Care (PC) from 2016 Physicians Rate Study	1,745,744	2,703,542	4,449,286
RHC	513,623	357,730	871,353
FQHC	572,548	797,868	1,370,416
	2,831,915	3,859,140	6,691,055
10% will choose after-hours	283,192	385,914	669,106
CPT 99050: \$5.35	\$5.35	\$5.35	\$5.35
<b>Estimate</b>	<b>\$1,515,077</b>	<b>\$2,064,640</b>	<b>\$3,579,717</b>

It is anticipated this change will also affect capitation payments in MO HealthNet Managed Care. The total annual cost for the "managed care-like" population is \$2,064,640 (3,859,140 units \* 10% \* \$5.35) based on FY16 FFS data. There were 252,889 managed-care like recipients in FY16 that will be transitioning to managed care by FY18. MHD assumed a per member per year (PMPY) cost of \$8.16 (\$2,064,640 / 252,889 people). There were 503,817 enrollees in managed care in FY16. The annual cost of the existing managed care population is estimated at \$4,113,270 (\$8.16 \* 503,817 people). Therefore, the total annual cost to MO HealthNet Managed Care program is estimated at \$6,177,910 (\$2,064,640 + \$4,113,270).

	FFS	MC-Like	Total
FY16 FFS Enrollment	237,226	252,889	490,115
PMPY		\$8.16	
FY16 MC Enrollment		503,817	
<b>MC Estimate</b>		<b>\$4,113,270</b>	
 FY18 FFS Estimate	 \$1,515,077		
FY18 MC Estimate	\$6,177,910		
<b>Annual Total</b>	<b>\$7,692,987</b>		

ASSUMPTION (continued)

A one-time managed care actuarial study will also need to be performed in the first year to determine the actual rate impact. The study is anticipated to cost \$50,000 in FY18.

The total annual estimate for both FFS and managed care is \$7,692,987 (\$1,515,077 + \$6,177,910).

MHD assumes the required regulation would take approximately 6 months before becoming effective. Therefore only 6 months of expenditures were assumed in FY18 with an annual 4.1% trend added in FY19 and FY20.

FY18: \$3,896,493 (\$1,402,044 GR; \$2,494,449 Federal);  
FY19: \$8,008,399 (\$2,867,007 GR; \$5,141,392 Federal); and  
FY20: \$8,336,744 (\$2,984,554 GR; \$5,352,190 Federal).

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Health and Senior Services**, the **Department of Mental Health** and the **Columbia/Boone County Department of Public Health and Human Services** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Secretary of State (SOS)** did not receive sufficient time in which to respond to this fiscal note request. **Oversight** assumes, based on proposals containing similar rules language, that the SOS would be able to absorb any costs associated with this proposal within current funding levels for Administrative Rules. However, if multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOC could request funding through the appropriations process.

Officials from the following **health departments**: Audrain County Health Unit, Cass County Health Department, Clay County Public Health Center, Cooper County Public Health Center, Harrison County Public Health Department and Hospice, Henry County Health Center, Hickory County Health Department, Howell County Health Department, City of Independence Health Department, Jefferson County Health Department, Knox County Health Department, Linn County Health Department, McDonald County Health Department, Madison County Health Department, Marion County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Polk County Health Center, Pulaski County Health Center and Home Health Agency, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, the St. Francois County Health Center and the St. Joseph Health Department did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (6 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS (\$208.280)</u>			
Program distributions to primary care providers	(\$1,377,044)	(\$2,867,007)	(\$2,984,554)
Actuarial study	<u>(\$25,000)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - DSS	<u>(\$1,402,044)</u>	<u>(\$2,867,007)</u>	<u>(\$2,984,554)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$1,402,044)</u></b>	<b><u>(\$2,867,007)</u></b>	<b><u>(\$2,984,554)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS (\$208.280)</u>			
Increase in program reimbursements	\$2,494,449	\$5,141,392	\$5,352,190
<u>Costs - DSS (\$208.280)</u>			
Increase in program reimbursements to primary care providers	(\$2,469,449)	(\$5,141,392)	(\$5,352,190)
Actuarial study	<u>(\$25,000)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - DSS	<u>(\$2,494,449)</u>	<u>(\$5,141,392)</u>	<u>(\$5,352,190)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (6 Mo.)	 FY 2019	 FY 2020
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

This proposal could directly impact small business physician offices that decide to extend office hours between 5 p.m. - 7 a.m. Both income and expenses would increase but it is assumed the net effect would be a positive fiscal impact.

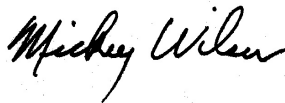
### FISCAL DESCRIPTION

This bill requires the Department of Social Services to pay additional reimbursement for services to primary care providers who provide services to MO HealthNet recipients after 5:00 pm and before 7:00 am in order to increase access to primary care services for working adults and their families.

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 Health and Senior Services  
Department of Mental Health  
Department of Social Services -  
    MO HealthNet Division  
    Division of Legal Services  
Joint Committee on Administrative Rules  
Columbia/Boone County Department of Public  
    Health and Human Services



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January 17, 2017

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