

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1398-01  
Bill No.: HB 762  
Subject: Hospitals; Dentists  
Type: Original  
Date: February 14, 2017

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Bill Summary: This proposal allows hospitals to employ dentists and other oral health care providers.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
General Revenue	\$0	\$0	\$0	(\$1,642,084)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,642,084)</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</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	Fully Implemented (FY 2022)
Federal*	\$0	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures exceed \$2.8 million annually beginning in FY022.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>Total Estimated Net Effect on FTE</b>	<b>0</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	Fully Implemented (FY 2022)
<b>Local Government</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>	<b>\$0 to (Unknown exceeding \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** and **Division of Legal Services (DLS)** state this legislation revises Chapter 197, RSMo, by adding section 197.750 with terminology to employ licensed oral health care providers or dentists under chapter 332, RSMo, to provide services for oral health treatment in hospitals.

MHD assumes hospitals are currently prevented from employing dentists and oral surgeons. Reimbursement for these services is currently excluded from MO HealthNet hospital reimbursement. These professional services, if provided in a hospital setting, would be billed on a separate medical claim and paid according to the fee-for-service fee schedule.

MHD further assumes this legislation is designed to allow these oral health services to be included in inpatient and outpatient hospital reimbursement. MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Additional costs to employ dentists and oral surgeons would begin to be reflected in the 2018 and 2019 cost reports, assuming an effective date of August 28, 2018. MO HealthNet would use 2017 and 2018 cost reports to establish reimbursement for SFY 22 and SFY 23, respectively. Therefore, there would not be a fiscal impact to the MO HealthNet Division for SFY's 18 through 21, but starting SFY 22 MHD estimates there could be additional costs associated with this proposal. Per the Bureau of Labor Statistics, the average salary of a Dentist in Missouri in 2015 was \$158,310, and the cost of an Oral & Maxillofacial Surgeon was \$233,900. MO HealthNet estimates that of the 150 Missouri hospitals, 35% will employ a Dentist and 15% will employ an Oral & Maxillofacial Surgeon. Furthermore, MO HealthNet is prorating the increase in costs to hospitals by the draft SFY 2012 Statewide Mean Medicaid Utilization rate of 32.898%, which was calculated by MO HealthNet's Independent DSH auditors per DSH Reporting Requirements. Although this calculation is based on days, it is an estimated way to prorate this cost to Medicaid. Using this percentage, the estimated cost to Medicaid is \$4,465,583 (\$1,642,084 GR; \$2,823,499 Fed). This estimate does not include any increase in claims billed by the hospitals employing these professionals. The increase in hospital reimbursement for claims could be offset with a decrease in professional medical claims submitted.

Officials from the **Cass Regional Medical Center** state the proposal will have no fiscal impact to their organization unless they actually employ a dentist or other oral health care provider.

Officials from the **Department of Health and Senior Services** and the **Department of Mental Health** each assume the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

Officials from the following **hospitals**: Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Excelsior Springs Hospital, Golden Valley Memorial Hospital, Hermann Area District Hospital, Samaritan Hospital, Putnam County Memorial Hospital, the University of Missouri Health System and Washington County Memorial Hospital did not respond to **Oversight's** request for a statement of fiscal impact.

**Oversight** notes there are 30 hospitals in the state of Missouri that are owned by local political subdivisions. This legislation will impact those hospitals if they choose to employ a dentist or other oral health care provider. For fiscal note purposes, **Oversight** assumes if at least one hospital employs an oral health care provider, the fiscal impact will be greater than \$100,000 annually for local political subdivisions. Reimbursement will not begin to be received until FY22 and will not provide reimbursement for the total costs incurred.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>GENERAL REVENUE FUND</b>				
<u>Costs - DSS</u> (§197.750)				
Increase in state share of program reimbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,642,084)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>(\$1,642,084)</b></u>

FISCAL IMPACT -  
State Government

	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>FEDERAL FUNDS</b>				
<u>Income - DSS</u> (§197.750)				
Increase in program reimbursements	\$0	\$0	\$0	\$2,823,499
<u>Costs - DSS</u> (§197.750)				
Increase in program expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$2,823,499)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

**FISCAL IMPACT -**  
**Local Government**

	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
<b>LOCAL GOVERNMENTS - HOSPITALS</b>				

**Income - Hospitals**  
**(§197.750)**

Increase in reimbursements	\$0	\$0	\$0	\$0 to Unknown greater than \$100,000
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**Costs - Hospitals**  
**(§197.750)**

Increase in personnel costs for oral health care providers	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>
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**ESTIMATED NET  
EFFECT ON  
LOCAL  
GOVERNMENTS  
- HOSPITALS**

<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>
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**FISCAL IMPACT - Small Business**

This proposal may impact small business dentists or other oral health care providers if dentists, oral and maxillofacial surgeons or maxillofacial prosthodontists choose to become employed by a hospital and are no longer available to provide services to the community.

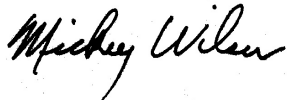
**FISCAL DESCRIPTION**

This bill allows licensed hospitals to employ a dentist, an oral and maxillofacial surgeon, and a maxillofacial prosthodontist to treat conditions specified in the bill.

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  
Cass Regional Medical Center



Mickey Wilson, CPA  
Director  
February 14, 2017

Ross Strobe  
Assistant Director  
February 14, 2017