COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0314-03
Bill No.: Perfected HCS for HB 410
Subject: Health Care; Physical Therapists; Professional Registration and Licensing; Licenses - Miscellaneous
Type: Original
Date: March 13, 2019

Bill Summary: This proposal allows Physical Therapists to treat patients without a prescription.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue Fund	($59,412)	($35,135)	($35,873)
Total Estimated Net Effect on General Revenue	**($59,412)**	**($35,135)**	**($35,873)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on Other 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 2020	FY 2021	FY 2022
Federal Funds	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

* Revenues and Expenses Net to $0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	**0**	**0**	**0**

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** assume this bill allows physical therapists to treat patients without a prescription. The change from the "02" version of the bill is the "03" version allows the physical therapist consult with health care providers if after ten visits or twenty-one business days, the patient has functional improvement and the physical therapist believes the continuation of physical therapy is reasonable.

Currently, physical therapy services must be prescribed by a primary care provider and are only a covered benefit for children in Managed Care. Additionally, any service included in the Individualized Education Program (IEP) developed through the public school is covered through Fee-For-Service.

MO HealthNet's requirement for medical necessity of physical therapy services would be impacted if the need for prescription and referral by a primary care provider (or specialist) were removed. By removing this connection to the primary care/specialist provider, utilization for these services will inevitably increase over time due to provider-induced demand, potential for over treatment (due to lack of utilization controls), and difficulty in enforcement. In addition, utilization increases may be expected based on the use of in-office ancillary. Without the need for a script or other utilization control, utilization increases may be anticipated as clinicians have the ability to bill up to ten visits before they must seek further consult, and without an enforcement process, it is assumed this type of behavior will increase.

It is assumed that the Managed Care capitation rates would increase at least $100,000 per year based on this legislation. For FY21 and FY22, a 2.4% medical inflation rate was used. Mo HealthNet estimates the actuarial cost to evaluate this program change to the Managed Care capitation rates to be no more than $50,000.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration**, **Missouri Consolidated Health Care Plan** and the **Department of Health and Senior Services** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the Department of Insurance, Financial Institutions and Professional Registration, Missouri Consolidated Health Care Plan and the Department of Health and Senior Services have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

FISCAL IMPACT - State Government	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
Cost - DSS			
Increase in Managed Care Capitation Rates (state portion)	($34,412)	($35,238)	($36,084)
Actuarial Study (state portion)	($25,000)	$0	$0
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	**($59,412)**	**($35,135)**	**($35,873)**
FEDERAL FUNDS			
Revenue - DSS			
Increase in Managed Care Capitation Rates	$65,588	$66,965	$68,371
Actuarial Study	$25,000	$0	$0
Cost - DSS			
Increase in Managed Care Capitation Rates (federal portion)	($65,588)	($66,965)	($68,371)
Actuarial Study (federal portion)	($25,000)	$0	$0
ESTIMATED NET EFFECT TO FEDERAL FUNDS	**$0**	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2020 (10 Mo.)	FY 2021	FY 2022
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

Small business physical therapists could be impacted by this proposal.

FISCAL DESCRIPTION

This bill changes the laws regarding physical therapists so that physical therapists no longer need a prescription or referral from a doctor in order to treat a patient. Instead, a physical therapist is required to refer to an approved health care provider any patient whose condition is beyond the physical therapist's scope of practice, or any patient who does not demonstrate measurable or functional improvement after 10 visits or 21 business days, whichever occurs first. The physical therapist must also consult with an approved health care provider if after 10 visits or 21 business days, whichever occurs first, the patient has demonstrated measurable or functional improvement from the physical therapy and the physical therapist believes that continuation of physical therapy is necessary. The physical therapist cannot continue to provide physical therapy until the consultation has occurred. Continued physical therapy must be in accordance with any direction of the health care provider. The physical therapist must notify the health care provider of continuing physical therapy every 30 days.

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 and Professional Registration
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan

Kyle Rieman
Director
March 13, 2019

Ross Strope
Assistant Director
March 13, 2019

KC:LR:OD