

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3320-04  
Bill No.: HB 1415  
Subject: Health Care  
Type: Original  
Date: January 23, 2020

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Bill Summary: This proposal adds provisions relating to health care costs.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Local Government</b>	<b>(Greater than \$250,000)</b>	<b>(Greater than \$200,000)</b>	<b>(Greater than \$200,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §191.876 - Cost estimates for health care services

Officials from **Golden Valley Memorial Hospital (GVMH)** state it is a nonprofit, district hospital and political subdivision of Missouri.

Price transparency proposals at the federal level have caused the Centers for Medicare and Medicaid Services (CMS) to look at the financial burden those policies would create. Information from the Federal Register is provided below and based on proposed legislation which is currently in litigation.

Medicare and Medicaid Programs: CY 2020 Hospital Outpatient PPS Policy Changes and Payment Rates and Ambulatory Surgical Center Payment System Policy Changes and Payment Rates. Price Transparency Requirements for Hospitals To Make Standard Charges Public, 84 Fed. Reg. 229 (November 27, 2019) p. 65526 :

#### 3. Summary of Costs and Benefits:

*We estimate the total burden for hospitals to review and post their standard charges for the first year to be 150 hours per hospital at \$11,898.60 per hospital for a total burden of 900,300 hours (150 hours X 6,002 hospitals) and total cost of \$71,415,397 (\$11,898.60 X 6,002 hospitals), as discussed in section V of this final rule. We estimate the total annual burden for hospitals to review and post their standard charges for subsequent years to be 46 hours per hospital at \$3,610.88 per hospital for a total annual burden for subsequent years of 276,092 hours (46 hours X 6,002 hospitals) and total annual cost of \$21,672,502 (\$3,610.88 X 6,002 hospitals).*

GVMH believes the financial impact in the federal register to be understated. GVMH, as well as other Missouri hospitals, would be dependent upon their Electronic Medical Record (EMR) vendor to develop programming for them to proactively provide patients an estimate of cost. The cost of programming and interfacing would be significant. GVMH anticipates an initial cost for programming and interfacing to be in excess of \$50,000. GVMH would also have to hire additional staff to proactively provide the cost information and financial counseling to patients. Based on the volume of service and locations in 4 separate communities, GVMH believes it would need to add 4 FTE at an hourly rate of \$15, which would result in annual salary cost of \$124,800; benefit costs would be on top of that and are estimated to be another \$49,920. Therefore, the total cost of four (4) additional staff members would increase GVMH's labor cost by \$174,720 annually.

ASSUMPTION (continued)

Year one costs to implement the requirement at GVMH locations are estimated to cost almost \$250,000; ongoing costs, post year one, would include the salary and benefit cost and ongoing fees with the EMR vendor. Year 2 and beyond costs are anticipated to be close to \$200,000.

**Oversight** notes the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Department of Mental Health** and the **Department of Social Services** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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**LOCAL GOVERNMENTS -  
HOSPITALS**

<u>Costs - Hospitals (\$191.876) - Increase in personal service, fringe benefits and administrative service costs</u>	<u>(Greater than \$250,000)</u>	<u>(Greater than \$200,000)</u>	<u>(Greater than \$200,000)</u>
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<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - HOSPITALS</b>	<u><b>(Greater than \$250,000)</b></u>	<u><b>(Greater than \$200,000)</b></u>	<u><b>(Greater than \$200,000)</b></u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

This bill states that a for-profit health care provider is limited to billing the Medicare amount to any uninsured or self-pay patient if the provider does not provide a good faith estimate of the cost of a health care service or procedure and does not obtain consent to such cost in a nonemergency situation that costs more than \$500 per billing provider or more than \$1,000 for the total procedure (§191.876).

A for-profit health care provider is also limited to charging the Medicare amount for an insured patient if the provider does not provide a good faith estimate of the cost of a health care service or procedure and does not obtain consent to such cost prior to performing a nonemergency procedure that is outside the patient's insurance network (§191.876).

A nonprofit health care provider that does not provide a good faith estimate of the cost of a service or procedure and does not obtain consent to such cost from an insured patient prior to a nonemergency procedure that is outside the patient's insurance network shall not charge an insured patient more than the allowable MO HealthNet amount (§191.876).

A nonprofit health care provider shall not charge an uninsured or self-pay patient more than the allowable MO HealthNet amount (§191.876).

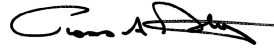
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Health and Senior Services  
Department of Mental Health  
Department of Social Services  
Golden Valley Memorial Hospital



Julie Morff  
Director  
January 23, 2020



Ross Strobe  
Assistant Director  
January 23, 2020