

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4230-01  
Bill No.: HB 1869  
Subject: Health Care Professionals; Physical Therapists  
Type: Original  
Date: February 24, 2020

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Bill Summary: This proposal modifies provisions relating to the scope of practice for physical therapists.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| FUND AFFECTED  | FY 2021           | FY 2022           | FY 2023           |
| General Revenue Fund                                 | (\$59,412)        | (\$35,135)        | (\$35,873)        |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>(\$59,412)</b> | <b>(\$35,135)</b> | <b>(\$35,873)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |            |            |            |
|---|------------|------------|------------|
| 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 5 pages.

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

\* Revenues and Expenses Net to \$0.

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |
|---|----------|----------|----------|
| FUND AFFECTED   | FY 2021  | FY 2022  | FY 2023  |
|   |          |          |          |
|   |          |          |          |
| <b>Total Estimated<br/>Net Effect on<br/>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 2021    | FY 2022    | FY 2023    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS)** state physical therapy services must be prescribed by a primary care provider and is 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 FY22 and FY23, a 5.1% medical inflation rate was used. We estimate the actuarial cost to evaluate this program change to the Managed Care capitation rates to be no more than \$50,000.

FY21: Total - \$150,000 (GR - \$59,867; Federal - \$90,133)

FY22: Total - \$105,100 (GR - \$36,645; Federal - \$68,455)

FY23: Total - \$110,460 (GR - \$38,514; Federal - \$71,946)

Officials from the **Department of Commerce and Insurance**, the **Department of Social Services**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Department of Transportation** and the **Department of Public Safety - Missouri Highway Patrol** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

| <u>FISCAL IMPACT - State Government</u>                     | FY 2021<br>(10 Mo.)      | FY 2022                  | FY 2023                  |
|---|--------------------------|--------------------------|--------------------------|
| <b>GENERAL REVENUE FUND</b>                                 |                          |                          |                          |
| <u>Cost - DSS</u>   |                          |                          |                          |
| Increase in Managed Care Capitation Rates (state portion)   | (\$34,412)               | (\$35,238)               | (\$36,084)               |
| Actuarial Study (state portion)                             | <u>(\$25,000)</u>        | <u>\$0</u>               | <u>\$0</u>               |
| <b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>     | <b><u>(\$59,412)</u></b> | <b><u>(\$35,135)</u></b> | <b><u>(\$35,873)</u></b> |
| <br><b>FEDERAL FUNDS</b>                                    |                          |                          |                          |
| <u>Revenue - DSS</u>  |                          |                          |                          |
| Increase in Managed Care Capitation Rates                   | \$65,588                 | \$66,965                 | \$68,371                 |
| Actuarial Study   | \$25,000                 | \$0                      | \$0                      |
| <u>Cost - DSS</u>   |                          |                          |                          |
| Increase in Managed Care Capitation Rates (federal portion) | (\$65,588)               | (\$66,965)               | (\$68,371)               |
| Actuarial Study (federal portion)                           | <u>(\$25,000)</u>        | <u>\$0</u>               | <u>\$0</u>               |
|   | <b><u>\$0</u></b>        | <b><u>\$0</u></b>        | <b><u>\$0</u></b>        |
| <b>ESTIMATED NET EFFECT TO FEDERAL FUNDS</b>                |                          |                          |                          |
| <br><u>FISCAL IMPACT - Local Government</u>                 | FY 2021<br>(10 Mo.)      | FY 2022                  | FY 2023                  |
|   | <b><u>\$0</u></b>        | <b><u>\$0</u></b>        | <b><u>\$0</u></b>        |

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.

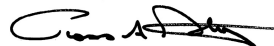
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Health and Senior Services  
Department of Social Services  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Department of Transportation  
Department of Public Safety - Missouri Highway Patrol



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February 24, 2020



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