

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0770H.01I
Bill No.: HB 367
Subject: Health Care Professionals; Physical Therapists
Type: Original
Date: January 11, 2021

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Revenues and Expenses Net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** assume this legislation revises Chapter 334, RSMo, by adding two sections that would allow physical therapists to treat patients without a prescription or referral from an approved health care provider.

This legislation is almost identical to FN 4230.02 for HCS HB 1869 from 2020 session. Since this legislation revises Chapter 334, RSMo, and since there is no specific exemption for physical therapists that contract with the Health Maintenance Organizations (HMOs) that contract with the state to provide health benefits to MO HealthNet managed Care members, it is assumed this will apply to them.

The HMOs that contract with the state have current policies and procedures that outline treatment guidelines for members for physical therapy services. This legislation revises current language to remove the requirement for a prescription or referral from an approved healthcare provider provided the physical therapist has a doctorate of physical therapy degree or has five years of clinical practice as a physical therapist. In addition, this legislation revises language that states consultation with an approved health care provider is not required if the course of physical therapy services or treatment is completed within ten visits or twenty-one business days.

Providers enrolled with MO HealthNet must be licensed by the state in which they practice. In order to receive reimbursement for services provided to a MO HealthNet participant, providers must also be enrolled with the state as a MO HealthNet provider. Physical therapy services must be prescribed by a primary care provider and is only a covered benefit for children. Additionally, any service included in the Individualized Education Program (IEP) developed through the public school is covered through Fee-For-Service.

Medicaid'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 based on this legislation. For FY23 and FY24, a 3.7% 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.

FY22: Total - \$150,000 (GR - \$58,990; Federal - \$91,010)

FY23: Total - \$103,700 (GR - \$35,248; Federal - \$68,452)

FY24: Total - \$107,537 (GR - \$36,552; Federal - \$70,985)

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior 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.

Oversight assumes there will be no fiscal impact to local governments.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, counties 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 –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost - DSS</u>			
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	<u>(\$59,412)</u>	<u>(\$35,135)</u>	<u>(\$35,873)</u>

<u>FISCAL IMPACT –</u> <u>State Government</u> <u>(continued)</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
FEDERAL FUNDS			
<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>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT –</u> <u>Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small business physical therapists could be impacted by this proposal by modifying the scope of practice for physical therapist.

FISCAL DESCRIPTION

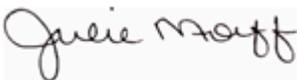
This bill changes the laws regarding physical therapists so that physical therapists no longer need a prescription or referral from a doctor in order to evaluate and initiate treatment on a patient, as long as the physical therapist has a doctorate of physical therapy degree or has five years of clinical practice as a physical therapist. Under current law, a physical therapist can examine and

treat a person with a previously-diagnosed chronic illness or a person with a recurring self-limited injury without a prescription, as long as it is within one year of a diagnosis by a health care provider. However, 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 before continuing therapy 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. 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. The bill removes a provision that allows the Board to file a complaint against a physical therapist who provides physical therapy without a prescription.

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



Julie Morff
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January 11, 2021



Ross Strope
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January 11, 2021