

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2727H.01I
Bill No.: HB 1357
Subject: Insurance - Health; Health Care
Type: Original
Date: March 22, 2021

Bill Summary: This proposal creates provisions relating to payments for health care services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund	\$0 to (\$25,000)	\$0 to (\$9,082,800)	\$0 to (\$9,082,800)
Total Estimated Net Effect on General Revenue	\$0 to (\$25,000)	\$0 to (\$9,082,800)	\$0 to (\$9,082,800)

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 to (\$25,000)	\$0 to (\$17,917,200)	\$0 to (\$17,917,200)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to (\$25,000)	\$0 to (\$17,917,200)	\$0 to (\$17,917,200)

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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full 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)** state this legislation revises Chapter 376 RSMo. Health carriers are defined in Chapter 376 RSMo to include Health Maintenance Organizations (HMO). The MO HealthNet Managed Care health plans that provide services to MO HealthNet Managed Care members are considered HMOs. Since there is no specific exemption for the HMOs that provide services to MO HealthNet Managed Care members, it is assumed they will be impacted by this legislation.

This legislation revises section 376.1347, RSMo, to indicate that no health carrier shall modify a medical code on a claim for reimbursement in a way that results in a lower reimbursement amount. If a health carrier requires additional information to process the claim as submitted, the health carrier shall follow the process specified in section 376.383, provided that claims for emergency services as defined in section 376.1350 shall be subject to the provisions of section 376.1367.

If the ER Leveling Policy that some of the health carriers have implemented are no longer permissible due to this legislation, rather than immediately re-adjudicating the claim at the lower rate and waiting for a provider to appeal the decision, the health carriers will instead have to engage with the providers to request additional information upfront that could then lead to more claims denials if the claim denials cannot be moved to a lower level of code. The range of impact to the capitation rates is estimated by the States Actuary which includes:

- Estimated Minimum Impact: Health carriers deny the claims or request additional information that results in the providers agreeing to the lower level of code = \$0
- Estimated Maximum Impact: Health carriers do not refute or change any of the current claims identified through the ER Leveling process = \$27M

The fiscal impact estimated to result in a change of \$0 - \$27M to the Managed Care Capitation rates. It is estimated the actuarial cost to fully evaluate this program change to the Managed Care capitation rates to be no more than \$50,000.

Due to the timing of the actuarial review and the Managed Care Contract having to be amended, the possible Capitation costs due to this legislation would not be effective until FY23.

FY22 Total: \$50,000 (\$25,000 GR; \$25,000 Federal)

FY23 Total: \$0 - \$27,000,000 (\$0 - \$9,082,800 GR; \$0 - \$17,917,200 Federal)

FY24 Total: \$0 - \$27,000,000 (\$0 - \$9,082,800 GR; \$0 - \$17,917,200 Federal)

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the fiscal impact provided by DSS.

Officials from the **Department of Commerce and Insurance**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri Consolidated Health Care Plan** and the cities of: **Corder**, **Kansas City**, **O'Fallon**, **St. Louis Budget Division** and **Springfield** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** defer to the Missouri Department of Transportation for the potential fiscal impact of this proposal.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
<u>Cost – DSS</u>			
Actuarial Study	\$0 to (\$25,000)	\$0	\$0
ER Managed Care	\$0	\$0 to (\$9,082,800)	\$0 to (\$9,082,800)
<u>Total Cost - DSS</u>	<u>\$0 to (\$25,000)</u>	<u>\$0 to (\$9,082,800)</u>	<u>\$0 to (\$9,082,800)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 to (\$25,000)</u>	<u>\$0 to (\$9,082,800)</u>	<u>\$0 to (\$9,082,800)</u>
FEDERAL FUNDS			
<u>Cost – DSS</u>			
Actuarial Study	\$0 to (\$25,000)	\$0	\$0
ER Managed Care	\$0	\$0 to (\$17,917,200)	\$0 to (\$17,917,200)
<u>Total Cost - DSS</u>	<u>\$0 to (\$25,000)</u>	<u>\$0 to (\$17,917,200)</u>	<u>\$0 to (\$17,917,200)</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$0 to (\$25,000)</u>	<u>\$0 to (\$17,917,200)</u>	<u>\$0 to (\$17,917,200)</u>

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

FISCAL IMPACT – Small Business

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

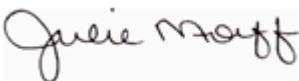
FISCAL DESCRIPTION

This act prohibits health carriers, including the operators of prepaid dental plans, from modifying medical codes on reimbursement claims in a way that results in a lower reimbursement amount. If additional information is required to process the claim as submitted, the statute regarding prompt payment of health insurance claims, or the statute regarding payment for emergency services, shall apply, as applicable.

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 Public Safety - Missouri Highway Patrol
Department of Social Services
Missouri Department of Conservation
Missouri Department of Transportation
Corder
Kansas City
O'Fallon
Springfield
St. Louis Budget Division



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