

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4598-01
Bill No.: SB 809
Subject: Medicaid
Type: Original
Date: February 8, 2010

Bill Summary: This legislation modifies provisions regarding MO HealthNet's authority to collect payment from third party payers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	Unknown Less than \$100,000	Unknown Less than \$100,000	Unknown Less than \$100,000
Total Estimated Net Effect on General Revenue Fund	Unknown Less than \$100,000	Unknown Less than \$100,000	Unknown Less than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Third Party Liability Fund	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and costs of approximately Unknown but Greater than \$732,900 in FY11, FY12 and FY13 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 208.215:

Officials from the **Department of Health and Senior Services, Office of the State Courts Administrator, Office of the Missouri State Treasurer, Department of Labor and Industrial Relations** and the **Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume the proposal would require health plans and other third parties to pay MO Health Net liens without requiring the agency to submit the claim in a particular format or a particular time frame and without requiring action on the part of the MO HealthNet participant when they secure medical services. AGO assumes that an increase in cases could result when a plan or other third party disagrees with the agency on whether a claim was a "properly submitted medical assistance subrogation claim" as set forth in the proposal, as AGO defends MO HealthNet on third party liability matters. AGO assumes that any potential costs could be absorbed with existing resources. If significant referrals result, the AGO may seek additional appropriations to adequately represent the agency.

Officials from the **Department of Mental Health (DMH)** state the requirement to process and pay all properly submitted medical assistance subrogation claims or MO HealthNet subrogation claims for a period of three years from the date services were provided does not appear to impact the DMH since it doesn't meet the definition of one of the entities required to do so.

The requirement that proceeds from certain settlements be used to reimburse the Department of Social Services for medical assistance received by an individual injured in an occupational or work related incident could result in some savings to the DMH if the injured individual received DMH services funded through Medicaid. If collections received were deposited to the credit of DMH the Department would recoup some money. What is unknown is whether DMH would serve many individuals in this population and also whether there would be very much revenue collected from this. Fiscal Impact is unknown less than \$100,000.

Officials from the **Department of Social Services - MO HealthNet Division** state Section 208.215 requires health benefit plans to process MO HealthNet subrogation claims for a period of three years from the date of service, regardless of their timely filing requirements. This would significantly increase third party liability recoveries. The estimated increase in recoveries is unknown but greater than \$1,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Savings - Department of Mental Health</u> Program Savings	<u>Unknown Less</u> <u>than \$100,000</u>	<u>Unknown Less</u> <u>than \$100,000</u>	<u>Unknown Less</u> <u>than \$100,000</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Unknown Less</u> <u>than \$100,000</u>	<u>Unknown Less</u> <u>than \$100,000</u>	<u>Unknown Less</u> <u>than \$100,000</u>
THIRD PARTY LIABILITY FUND			
<u>Savings - Department of Social Services</u> Program Savings	<u>Unknown but</u> <u>Greater than</u> <u>\$367,100</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$367,100</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$367,100</u>
ESTIMATED NET EFFECT ON THIRD PARTY LIABILITY FUND	<u>Unknown but</u> <u>Greater than</u> <u>\$367,100</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$367,100</u>	<u>Unknown but</u> <u>Greater than</u> <u>\$367,100</u>
FEDERAL FUNDS			
<u>Savings - Department of Mental Health</u> Program Savings	Unknown Less than \$100,000	Unknown Less than \$100,000	Unknown Less than \$100,000
<u>Savings - Department of Social Services</u> Program Savings	Unknown but Greater than \$632,900	Unknown but Greater than \$632,900	Unknown but Greater than \$632,900
<u>Costs - Department of Mental Health</u> Return Federal Assistance	(Unknown Less than \$100,000)	(Unknown Less than \$100,000)	(Unknown Less than \$100,000)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Costs - Department of Social Services</u> Return Federal Assistance	<u>(Unknown but Greater than \$632,900)</u>	<u>(Unknown but Greater than \$632,900)</u>	<u>(Unknown but Greater than \$632,900)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<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

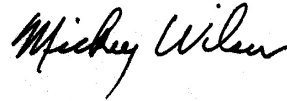
Sections 208.215:

Under this legislation any third party administrator, administrative service organization, health benefit plan and pharmacy benefits manager shall process and pay all properly submitted MO HealthNet subrogation claims for a period of three years from the date services were provided or rendered, regardless of any other timely filing requirement. The entity shall not deny such claims on the basis of the type or format of the claim form, failure to present proper documentation of coverage at the point of sale, or failure to obtain prior authorization. The MO HealthNet Division shall also enforce its rights within six years of a timely submission of a claim.

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

Office of the Attorney General
Office of the State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Missouri State Treasurer
Department of Labor and Industrial Relations



Mickey Wilson, CPA
Director
February 8, 2010