

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0521-02
Bill No.: SCS for SB 62
Subject: Health Care; Health Care Professionals;
Type: Original
Date: March 14, 2011

Bill Summary: This legislation allows providers to include any retrieval fee for outsourced records storage service in the fee for release of medical records.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	Up to (\$44,100)	Up to (\$54,264)	Up to (\$55,621)
Total Estimated Net Effect on General Revenue Fund	Up to (\$44,100)	Up to (\$54,264)	Up to (\$55,621)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and cost would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 191.227:

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Social Services-Research and Evaluation (R&E)** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Mental Health** state the Department projects that costs for these fees would be minimal and absorbed in existing appropriations. No fiscal impact.

Officials from the **University of Missouri** assume no significant revenue, no costs and no losses.

Officials from the **Department of Health and Senior Services (DHSS)** states various programs throughout the DHSS are required to obtain copies of medical records for various reasons such as verifying eligibility for services, periodically reviewing medical conditions, etc. With this change, the Department could potentially see an increase in the amounts that would be reimbursed to providers that supply medical records.

The Department assumes that the number of medical records obtained from off-site records storage is unknown, but expected to be minimal. As a result, the Department assumes a fiscal impact of (\$0 to Unknown, < \$100,000).

Oversight assumes, because the potential for increase in medical record fees is speculative, that the DHSS will not incur significant costs related to this proposal. If a fiscal impact were to result, the DHSS may request additional funding through the appropriations process.

In response to a previous version of this proposal, officials from the **Department of Social Services-Children's Division (CD)** assume the Children's Division does not anticipate a significant fiscal impact as the result of this proposed legislation. Any increase would be minimal and be absorbed by the Division.

Officials from the **Department of Social Services-MO HealthNet Division (MHD)** assume additional cost would be incurred if the proposed legislation passes. The MHD would pay the retrieval fee. However, the cost is minimal and it is assumed the cost would be covered by the current appropriation.

ASSUMPTION (continued)

In FY09, six providers billed MO HealthNet for medical records. In FY10, nine providers billed MO HealthNet for medical records. The average number of billings is eight .

The estimated retrieval fee is \$17.79. This is the average retrieval rate of the 19 states where a fee is charged. A trend factor of 3.6% is applied to the out years.

FY 12: $8 \times \$17.79 = \142.32 .

FY 13: $\$142.32 \times 3.6\%$ (trend factor) = \$147.44.

FY 14: $\$147.44 \times 3.6\%$ (trend factor) = \$152.75.

Officials from the **Department of Social Services-Division of Legal Services (DLS)** state current law allows a health care provider to condition the furnishing of medical records on the payment of a fee to cover costs of copying, postage and notary services. The legislation would amend current law to also include any retrieval fee charged by an outsourced records storage service with which the health care provider has contracted for off-site records storage and management in the fee medical care providers can charge in providing medical records. The retrieval fee is limited to “not more than seventeen dollars and five cents plus forty cents per page for the cost of supplies and labor” plus any applicable postage fee and/or notary fee not to exceed two dollars. The DLS regularly obtains medical records in the course of its investigations and litigation and therefore the potential fiscal impact upon DLS could be substantial. The potential fiscal impact upon DLS is difficult, if not impossible, to forecast due to fluctuations in the workflow. However, because the Division regularly obtains medical records in the course of its investigations and litigation, it is presumed that said fiscal impact would presumably be Unknown less than \$100,000.

Oversight assumes, because the potential for increase in medical record fees is speculative, that the DLS will not incur significant costs related to this proposal. Also, Oversight believes DLS could access medical records from FSD. If a fiscal impact were to result, the DLS may request additional funding through the appropriations process.

Officials from the **Department of Social Services-Family Support Division (FSD)** state FSD reviews the health care records of an average of 4,131 applicants and recipients each month to determine initial or continued eligibility for the Temporary Assistance and MO HealthNet programs. These reviews may contain information from one or more health care providers; however, the FSD is unable to determine how many separate health care records are obtained per month. The FSD is not able to determine the number of health care records that would be obtained from health care providers utilizing off-site records storage services. For the purposes

ASSUMPTION (continued)

of this fiscal note, the FSD assumes one health care record per review for a total of 49,572 (4,131 x 12) health care records obtained per year. If 10% of these records were obtained from health care providers that use an off-site records storage service, the FSD would incur retrieval costs for 4,957 health care records per year.

Based on cost data available for two health care records retrieval companies, the average retrieval cost per record is \$31.48 ($\$29.95 + \$33.00 = \$62.95 / 2 = 31.475$, rounded up to \$31.48). However, this legislation limits the retrieval fee to the copying, postage, and notary fees allowed under this section. The current copying cost limit published by the Department of Health and Senior Services is \$21.36. Therefore, the retrieval cost per record would be limited to \$21.36 plus postage and notary costs. Since postage costs vary per record request and notary costs are not charged for every record request, the FSD is estimating the retrieval cost at \$21.36. At this cost per record, the FSD would incur a cost of \$105,881.52 ($4,957 \times \21.36).

Therefore, the FSD anticipates the cost of this proposed bill to be unknown but greater than \$105,881.

Oversight assumes, because the potential for increase in medical record fees is speculative, that the FSD will not incur significant costs related to this proposal. Therefore, Oversight, has for fiscal note purpose only removed the language “unknown but greater than” and replaced the language with “up to”. If a greater fiscal impact were to result, the FSD may request additional funding through the appropriations process.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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GENERAL REVENUE FUND

Costs - Department Social Services
Program Costs

Up to (\$44,100) Up to (\$54,264) Up to (\$55,621)

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

Up to (\$44,100) Up to (\$54,264) Up to (\$55,621)

<u>FISCAL IMPACT - State Government</u>	FY 2012	FY 2013	FY 2014
(continued)	(10 Mo.)		

FEDERAL FUNDS

<u>Income - Department of Social Services</u>			
Federal Assistance	<u>Up to \$44,100</u>	<u>Up to \$54,264</u>	<u>Up to \$55,621</u>

<u>Costs - Department of Social Services</u>			
Program Costs	<u>Up to (\$44,100)</u>	<u>Up to (\$54,264)</u>	<u>Up to (\$55,621)</u>

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2012	FY 2013	FY 2014
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Section 191.227:

If said small businesses have cause to periodically or regularly obtain medical records in their regular course of business.

FISCAL DESCRIPTION

Section 191.227:

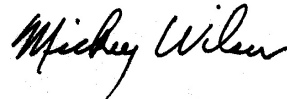
Current law allows a health care provider to condition the furnishing of medical records on the payment of a fee to cover costs of copying, postage and notary services. This legislation allows the fee to also include any retrieval fee charged by an outsourced records storage service with which the health care provider has contracted for off-site records storage and management. However, in no case shall the cost of the retrieval fee exceed the costs of copying, postage and notary services. However, in no case shall the cost of the retrieval fee exceed the costs of copying, postage and notary services.

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

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SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
University of Missouri



Mickey Wilson, CPA
Director
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