

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5435-01  
Bill No.: SB 707  
Subject: Insurance - Medical; Physicians; Health Care  
Type: Original  
Date: February 6, 2012

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Bill Summary: This proposal restricts the authority of radiology benefit managers to deny diagnostic testing ordered and recommended by a physician.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions & Professional Registration** assume there will be no fiscal impact to their agency.

Officials from the **Missouri Highway Patrol** will defer their response to the Department of Transportation.

Officials from the **Missouri Consolidated Health Care Plan** assume this proposal does not fiscally impact their agency.

Officials from the **Department of Conservation** assume there will be no fiscal impact to their agency.

In response to a previous proposal, HB 982 (2011), officials from the **Department of Transportation** assume if a health plan offers coverage for diagnostic radiology testing and the treating physician orders a diagnostic radiology test, a decision to deny coverage of the diagnostic radiology test shall only be made by a physician licensed in this state.

The “health carrier” definition used does not apply to the Plan. There may be an argument that the Plan would still be required to comply with the bill’s requirements. The network and claims administrator, Coventry Health Care, reviewed the legislation on behalf of the MoDOT/MSHP Medical Plan. According to Coventry’s review, the use of Radiology Benefit Managers and utilization review of Radiology services helps to ensure the quality of care being provided to members. The review and application of accepted standards of care surrounding diagnostic radiology is focused on tests which are historically over-utilized and some instances abused by providers who have a vested financial interest in having the tests performed. In addition due to lack of inter-connected EMR's between physicians and providers of diagnostic radiologic testing, patients are many times exposed to additional radiation as a result of duplicative orders of the same tests by different physicians or hospital systems. Health Plans and Radiology Benefit Managers are in the best position in today's environment to monitor duplicative test request and positioned limit such over exposure to what can be harmful radiation exposure. If Coventry were to have limits on our ability to manage appropriate and safe utilization of diagnostic imaging we believe the quality of care provided to members would drop and utilization would increase substantially over time.

ASSUMPTION (continued)

Our estimate is there would be at least a 20% increase in utilization in the diagnostic radiology category in the short term (6 - 12 months) with the potential of doubling cost in the longer term due to ever increasing demand for diagnostic radiology. Even though, the Plan does not currently have Radiology services as a prior authorization requirement, Coventry strongly believes the sentinel effect of requiring authorization for their fully insured membership may have assisted in keeping the Plan's costs at this level. If this legislation were to pass, it could potentially increase the cost to the Plan as well.

**Oversight** assumes since the above request states there could be a potential increase in the cost to the plan it does not mean there would be a cost; therefore, the initial impact to the department would be \$0. If there is an increase the department can request additional dollars through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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.

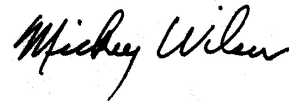
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact

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 Insurance, Financial Institutions &  
Professional Registration  
Department of Transportation  
Missouri Consolidated Health Care Plan  
Department of Conservation  
Missouri Highway Patrol



Mickey Wilson, CPA  
Director  
February 7, 2012