

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5590-07
Bill No.: HCS for SS for SB 742
Subject: Health Care Professionals; Physicians; Insurance - Medical
Type: Original
Date: May 4, 2012

Bill Summary: Requires a health carrier to credential a health care practitioner within 90 days of receiving a completed application.

FISCAL SUMMARY

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

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume the National Committee on Quality Assurance (NCQA) standard on credentialing is currently 180 days. MCHCP's vendors currently comply with these national standards. Reducing the standard may result in increased administrative costs to MCHCP. The costs are unknown, expected to exceed \$50,000 annually.

Oversight assumes since reducing the standard "may" result in an increase in administrative costs to MCHCP it does not mean there "will" be an increase. **Oversight** assumes the initial administrative cost will be \$0 and should there be an increase the agency can request additional appropriation through the budget process.

Officials from the **Department of Conservation, Department of Transportation** and **Department of Health & Senior Services** assume there will be no fiscal impact to their agency.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal will have no fiscal impact on their agency. If the adoption of this proposal results in an increase in consumer inquiries, the agency believes it could absorb the workload within existing appropriations. However, should the extent of the work be more than anticipated, the agency would request additional appropriation and/or FTE through the budget process.

In response to a previous proposal, officials from the **Department of Social Services - MO HealthNet (DOS)** assume this proposal does not revise Chapter 208, RSMo therefore it does not affect MO HealthNet eligibility or benefits.

This proposal does not revise Chapter 376, RSMo. The MO HealthNet Division (MHD) assumes that since there is no specific exemption for contracts with the state, the proposal will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

This proposal would impact the MHD Managed Care program by changing current credentialing requirements - 60-day requirement (versus current contract requirement of 180 days) and the need for health plans to compensate health care professionals within ten days of the date of application.

ASSUMPTION (continued)

The health plans will only be able to pay for services during a member's period of Medicaid eligibility. Health plans will only be able to reimburse providers for services back to the date of application if these services were provided to a Medicaid eligible at the time services were rendered.

The estimated actuarial cost to further evaluate this possible program change to the capitation rates would be no more than \$25,000. There could be an increase to the administrative assumption portion of the capitation rates due to the additional responsibility for the health plans to more quickly process these credentialing applications. It is estimated that each health plan will need one half and FTE to address the more prompt credentialing requirement. For year 2 and forward, an increase in the capitation rates of greater than \$150,000 (6 health plans with greater than \$25,000 FTE cost) is expected.

The health plans would not need to make any changes in order to comply with the uniform credentialing form requirement and therefore there would be no additional cost.

The first year cost is to evaluate the actuarially sound impact of this requirement on rate rages to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services. The cost to evaluate could be up to \$25,000. It is assumed that capitation rates would increase in year 2 and forward and could exceed \$150,000 each year. This fiscal impact was prepared after consulting with the state's contracted actuary.

FY13 match rate for the actuarial study is calculated at 50% federal match.

FY14 and FY15 match rate for capitated rates are calculated at 61.37% federal match.

Oversight assumes since the health plans would not need to make any changes in order to comply with the credentialing and also assumes that since there "could" be an increase in the administrative portion does not mean there "would" be an increase. **Oversight** assumes the initial administrative cost will be \$0 and should there be an increase the agency can request additional appropriation through the budget 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.

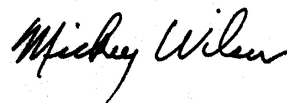
FISCAL DESCRIPTION

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

Missouri Consolidated Health Care Plan
Department of Conservation
Department of Social Services
Department of Health & Senior Services
Department of Insurance, Financial Institutions &
Professional Registration



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