

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4834-14
Bill No.: Truly Agreed To and Finally Passed CCS No. 2 for HCS for SS for SB 608
Subject: Boards, Commissions, Committees, and Councils; Certificate of Need; Elderly; Health Care; Health Care Professionals; Health and Senior Services Department; Health, Public; Hospitals; Insurance - Health; Medicaid; Mental Health Department; Nurses; Nursing Homes and Long-term Care Facilities; Optometry; Pharmacy; Physical Therapy; Physicians; Public Assistance; Social Services Department
Type: Original
Date: June 10, 2016

Bill Summary: This proposal modifies several provisions of law relating to health care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY 2022)
General Revenue	(Up to \$419,374)	(Up to \$272,442)	(Up to \$271,265)	(Up to \$1,701,263)
Total Estimated Net Effect on General Revenue	(Up to \$419,374)	(Up to \$272,442)	(Up to \$271,265)	(Up to \$1,701,263)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY 2022)
University	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)
Insurance Dedicated	Up to \$70,250	\$0	\$0	\$0
Board of Registration for the Healing Arts	\$0	\$0	\$0	\$0 or (Greater than \$116,543)
Total Estimated Net Effect on Other State Funds	Up to \$70,250	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 to (Greater than \$116,543)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 27 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY 2022)
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

* Income, savings, expenses and losses could exceed \$2.9 million in FY 2022 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY 2022)
General Revenue	2.37	2.37	2.37	2.37
Board of Registration for the Healing Arts	0	0	0	0 or 2
Federal	0.63	0.63	0.63	0.63
Total Estimated Net Effect on FTE	3	3	3	3 or 5

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY 2022)
Local Government	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§167.638, 174.335 and 198.054 - Vaccinations

Officials from the **Department of Higher Education** and the **Department of Social Services** each assume the proposal would not fiscally impact their respective agencies.

In response to similar provisions in HB 2616, officials from **Missouri State University (MSU)** assumed there will be a negative fiscal impact, the amount and extent of which cannot be determined at this time.

Oversight notes that the current law in §174.335 requires every public institution of higher education to require all students who live on campus to have the meningococcal vaccine. This proposal requires the vaccine be given to the student no more than five years prior to the enrollment of the student at the institution. Oversight assumes the proposal will not have a significant fiscal impact on MSU.

In response to similar provisions in HB 2616, officials from **State Technical College of Missouri** each assume the proposal would not fiscally impact their respective agencies.

§174.335 - Meningococcal Vaccine

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** state this section requires students residing in on-campus housing to receive the meningococcal vaccine not more than five years prior to enrollment. The federal Advisory Committee on Immunization Practices (ACIP) recommends that adolescents and young adults aged 16-23 years be vaccinated. MHD assumes this age range falls within the five years of the individual entering on-campus housing. Therefore, MHD estimates there is no fiscal impact for this provision.

§191.875 - Health Care Cost Reduction and Transparency Act

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** state hospitals are required to report the prices of the 100 most prevalent diagnosis-related groups.

MHD assumes there will likely be additional administrative costs to a hospital for gathering, compiling and transmitting the required information to DHSS in the required format or on the facility's website. MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Since the first reporting requirement is effective beginning with the quarter beginning July 1, 2017, the additional cost would begin to be reflected in 2018 cost

ASSUMPTION (continued)

reports. MO HealthNet would use 2018 cost reports to establish reimbursement for SFY22. Therefore, there would not be a fiscal impact to the MO HealthNet Division for FYs 17-21, but starting FY22 there could be additional costs.

Per the Bureau of Labor Statistics, the average salary of a Registered Nurse in Missouri in 2013 was \$58,040. MHD assumes this proposal will take 50% of a Registered Nurse's time on average per facility (or \$29,020). MHD also assumes that hospitals will need to upgrade their information technology (IT) reporting functions in order to comply with this proposed legislation.

MHD estimates this cost on average to be \$50,000 for each of the 150 hospitals. Thus, the staff time and the IT costs combined are estimated on average to be \$79,020 per hospital. \$79,020 per hospital with 150 hospitals impacted brings the total estimated cost to hospitals to \$11,853,000. Furthermore, MHD is prorating this increase in costs to hospitals by the SFY 2011 Statewide Mean Medicaid Utilization rate of 32.39% which was calculated by MHD's Independent DSH auditors per DSH Reporting Requirements. Although this calculation is based on days, it is an estimated way to prorate this cost to Medicaid. Using this percentage, the estimated cost to Medicaid in FY20 is \$3,899,400 (\$11,853,000@ 32.39%). This cost will be split approximately 37% GR/63% Federal funds.

Officials from the **DSS, Division of Legal Services (DLS)** assume no fiscal impact.

In response to a previous version of this proposal, officials from the **Washington County Memorial Hospital** stated this proposal will have a fiscal impact on their hospital. Compiling the requested data quarterly is a costly burden and is broadly estimated to be approximately \$50,000 annually.

In response to a previous version of this proposal, officials from the **Hermann Area District Hospital** stated currently the \$3 Emergency Room (ER) co-pay only applies to some patients, so it is difficult for front end staff to know when to ask. It appears that the \$8 copay would apply to all patients. Lack of payment in the ER is not a reason to deny someone care. Historically, while the hospital does a screening exam to determine that the patient doesn't merit being seen in the ER, the hospital has typically treated them versus telling them now that it has been determined your care is not an emergency and that you need to schedule an office visit.

The hospital has had minimal success in collecting the \$3, which is deducted from the hospital's reimbursement. At least with the \$8 co-pay, if the patient doesn't have the funds available, the hospital isn't getting penalized. The Hermann Area District Hospital loses around \$1,000 a year for non-payment of the current \$3 co-pay.

ASSUMPTION (continued)

The Hermann Area District Hospital assumes it will cost the hospital approximately \$10,000 annually to do the quarterly work required by the Health Care Cost Reduction and Transparency Act provisions of this proposal.

In response to a previous version of this proposal, officials from the **Samaritan Hospital** stated, regarding the terms of the proposal requiring reporting of pricing information, that compiling this information could have a substantial initial cost to the hospital, as well as an on-going cost since it is being requested quarterly.

The \$8 co-pay language of the proposal will increase the hospital's cost of collections. The hospital does not have staff to triage and turn away non-emergent care in the ER. These patients will not have an \$8 co-pay to deposit after the care has been provided and the hospital will have to bill the patient. When the bill is not paid, as many are not, the hospital will require staff follow-up to try and collect the co-pay, and ultimately many of these bills will end up as bad debts. The hospital currently has a very difficult time obtaining the \$3 Medicaid co-pays for other services.

Due to the Emergency Medical Treatment and Active Labor Act (EMTALA), the hospital cannot turn away patients in the ER without an assessment. The hospital will be forced to continue to see them in this environment, no matter the amount of funds owed to the facility. A co-pay generally reduces the amount paid by the carrier. As a result, the hospital believes its revenues will decrease by the co-pays and costs will increase for the related collection attempts.

In response to a previous version of this proposal, officials from the **Golden Valley Memorial Hospital** stated that compiling the information required by this amendment could have a substantial initial cost to their hospital as well as an ongoing cost since the information will have to be provided quarterly.

Oversight notes that Samaritan Hospital and Golden Valley Memorial Hospital did not provide fiscal estimates with their responses. Oversight assumes, with the estimated \$50,000 annual impact from Washington County Memorial Hospital and \$10,000 annual impact from the Hermann Area District Hospital, that the annual impact to local hospitals will be unknown, greater than \$100,000 annually.

In addition, Oversight notes that hospitals will begin receiving additional Medicaid reimbursements beginning in FY22 as the MO HealthNet Division uses the 4th prior year hospital cost report for hospital reimbursements. The increase in reimbursements is unknown, but assumed to be less than the total costs incurred by the hospitals.

ASSUMPTION (continued)

§§191.1075, 191.1080, 191.1085 - Palliative Care

Officials from the **Department of Health and Senior Services (DHSS)** state section 191.1080 creates the Missouri Palliative Care and Quality of Life Interdisciplinary Council and directs the DHSS to coordinate meeting logistics. These activities will be accomplished through the use of current staff.

Funds are requested for the reimbursement of travel expenses for the Council members to attend Council meetings. DHSS assumes the meetings will be held biannually. The cost per Council member to attend these meetings is calculated at \$180 per day for lodging, meals, and mileage.

The total cost for the Council meetings in the first year is calculated at \$1,980 (11 members x 1 meeting x \$180). Subsequent years include a 2.5 percent cost of living increase and two meetings per year.

Total Cost:

FY 17: \$1,980 General Revenue (GR)

FY 18: \$4,059 GR

FY 19: \$4,160 GR

Section 191.1085 creates the Palliative Care Consumer and Professional Information and Education Program within DHSS. DHSS is to publish information and resources, including links to external resources, about palliative care on its website. Some resources are already identified on the DHSS website. The addition of further resources, links, etc. on the website will be accomplished through the use of current staff.

Oversight assumes DHSS appropriations are sufficient to cover the Council members' travel costs within current funding levels. If costs significantly exceed estimates, the DHSS may seek additional resources through the appropriations process.

In response to similar provisions in HB 1994, officials from the **University of Missouri Health Care** stated they have determined that the proposed legislation, as written, should not create additional expenses in excess of \$100,000 annually.

Oversight assumes this is the materiality threshold for the UM Health Care and that any costs incurred by UM can be absorbed within current resource levels.

Officials from the **Missouri House of Representatives (MHR)** state DHSS will cover any expenses of the interdisciplinary council, so these provisions will have no fiscal impact on the MHR.

ASSUMPTION (continued)

Officials from the **Office of the Governor (GOV)** state section 191.1080 establishes the Missouri Palliative Care and Quality of Life Interdisciplinary Council which includes seven gubernatorial appointees. There should be no added cost to the GOV as a result of this measure. However, if additional duties are placed on the office related to appointments in other Truly Agreed To and Finally Passed (TAFP) legislation, there may be the need for additional staff resources in future years.

Officials from the **Department of Social Services** assume the proposal would not fiscally impact their agency.

§§197.065 and 536.031 - Hospital Construction and Renovation

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** and **Division of Legal Services** stated MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Any requirements resulting from these Department of Health and Senior Services (DHSS) regulations would be effective for hospitals beginning August 28, 2016 and any changes in hospital expenditures would begin to be reflected in 2016 or 2017 cost reports. MO HealthNet would use 2016 and 2017 cost reports to establish reimbursement for State Fiscal Year (SFY) 20 and SFY 21 respectively. Therefore, there would not be a fiscal impact to the MHD for SFY 17, SFY 18, or SFY 19, but starting in SFY 20 there could be a fiscal impact to Medicaid due to the requirements set forth by DHSS.

Oversight notes since it is unknown what DHSS' requirements could be, it is unknown whether there would be Medicaid costs beginning in SFY 20. Since these costs are speculative at this time, Oversight is not presenting these costs in the fiscal note.

In response to similar provisions in HCS for HB 2402, officials from the **University of Missouri Health Care** stated they have reviewed the proposed legislation and determined that as written, it should not create additional expenses in excess of \$100,000 annually.

Oversight assumes this is the materiality threshold for the UM Health Care and that any costs incurred by UM can be absorbed within current resource levels.

In response to similar provisions in HCS for HB 2402, officials from the **Cass Regional Medical Center** assumed the proposal would not fiscally impact their agency.

In response to similar provisions in HCS for HB 2402, officials from the from the **Hermann Area District Hospital** stated they feel the proposal may have some savings because there will no longer be a duplication of codes so compliance would be simpler.

ASSUMPTION (continued)

Oversight notes the Hermann Area District Hospital's response did not indicate whether the savings would be significant and, therefore, assumes the statement "some savings" indicates a minimal fiscal impact.

§197.315 - Certificate of Need

In response to similar provisions in HCS for HB 2441, officials from the **University of Missouri Health Care** stated they have reviewed the proposed legislation and determined that, as written, it will create additional expenses in excess of \$100,000 annually.

Oversight notes the provisions at section 197.315.10 provides that the Certificate-of-Need (CON) "application fee is one thousand dollars, or one-tenth of one percent of the total cost of the proposed project, whichever is more...". In addition, based on available information, it appears the provisions of this proposal would only apply to the University of Missouri Health Care and the Women's and Children's Hospital. For fiscal note purposes only, Oversight is presenting the University of Missouri Health Care and Women's and Children's Hospital costs under "University Funds". This is not intended to indicate that the Health Care System's costs are actual costs to the University.

Oversight assumes the University Health Care System would not purchase additional equipment on an annual basis in an amount exceeding \$100,000,000 to incur costs greater than \$100,000 annually in Certificate of Need fees (\$100,000,000 project costs X 0.001 = \$100,000). Therefore, Oversight will present the University Health Care System's proposed costs as \$0 to less than \$100,000 annually.

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** assume there would be no change to hospital reimbursements or Federal Reimbursement Allowance (FRA) collections.

§208.142 - \$8 Copayment for ER Visits for Treatment of Non-emergency Medical Conditions

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state beginning October 1, 2016, the DSS shall require MO HealthNet (MHD) participants to pay an eight dollar copayment fee for use of a hospital emergency department for the treatment of a condition that is not an emergency medical condition. The participant's failure to pay this copayment shall not reduce or otherwise affect MO HealthNet reimbursement to the provider. The Department shall promulgate rules for the implementation of this act.

ASSUMPTION (continued)

The Centers for Medicare and Medicaid Services (CMS) must approve an amendment to the Medicaid and Children's Health Insurance State Plan to charge an eight dollar co-pay for the use of emergency room services for the treatment of a nonemergency condition. The copayment must be reduced from the hospital payment. This would cause a cost savings. If CMS does not approve such amendments, MO HealthNet will not implement this provision pursuant to Section 208.158, RSMo, which states "payments of medical assistance in federally aided programs shall be made only during such times as grants-in-aid are provided or made available to the state on the basis of the state plan approved by the federal government."

In Calendar Year (CY) 2014 there were a total estimated 88,724 avoidable fee-for-service emergency room visits by MO HealthNet fee-for-service participants. MHD assumes this legislation will not implement a co-pay for pregnant women or children who are currently exempt from such requirements. MHD estimates approximately 5 percent of the emergency room visits were pregnant women (4,435 rounded) and 16.5 percent of the visits were children (14,639 rounded).

That leaves 69,650 (rounded) visits where a co-pay is charged. MHD currently charges a \$3.00 co-pay for Outpatient/Emergency Room Services. Changing the co-pay to \$8.00 would cause a \$5.00 increase. This would create a savings of \$348,248 (69,650 visits X \$5.00 increase in fee charged). A 3% inflation rate was added for FY 2017 through FY 2021.

The annual savings for the first full year will be \$358,695 ($\$348,248 \times 1.03$). To calculate the FY 17 savings, the first full year savings would only be for ten months for a savings of \$298,913 ($\$358,695 \times 10/12$).

Total cost savings for MHD would be:

FY 17 (10 months):	Total \$298,913 (GR \$109,916; Federal \$188,997);
FY 18 (12 months):	Total \$369,456 (GR \$135,856; Federal \$233,600);
FY 19 (12 months):	Total \$380,540 (GR \$139,932; Federal \$240,608); and
FY 22 (12 months):	Total \$415,826 (GR \$152,908; Federal \$262,918).

MHD assumes that a \$5.00 increase to the co-pay will not divert participants from going to the emergency room.

MHD currently uses a diagnosis algorithm for identifying a claim as potentially Low-Acuity Non-Emergency (LANE). MHD would adopt LANE algorithm for certain procedure codes and it would be on the hospitals to send MHD verification on whether the visit was an emergent or non-emergent visit. Assuming that the hospitals send MHD information stating whether a visit was emergent or non-emergent, it would cost MHD \$250,000 to update its system to create the separate co-pays.

ASSUMPTION (continued)

Cost to update the system:

FY 17: Total \$250,000 (GR \$125,000; Federal \$125,000);
FY 18: Total \$0 (GR \$0);
FY 19: Total \$0 (GR \$0); and
FY 21: Total \$0 (GR \$0).

MHD would need 1 new FTE at the Licensed Practical Nurse I level to audit and review any emergency room LANE type claims that hospitals deem emergent.

Cost to for 1 new FTE:

FY 17 (10 months): Total \$48,762 (GR \$17,930; Federal \$30,832);
FY 18 (12 months): Total \$51,500 (GR \$18,938; Federal \$32,562);
FY 19 (12 months): Total \$51,996 (GR \$19,120; Federal \$32,876); and
FY 22 (12 months): Total \$53,529 (GR \$19,685; Federal \$33,844).

Section 208.142.1 also specifies a participant's failure to pay the \$8 co-pay shall not reduce or otherwise affect MO HealthNet reimbursement to the provider. As written, MHD assumes this will not impact the reimbursement rate currently paid to providers and, therefore, has no fiscal impact to MHD.

Oversight assumes MHD would not need rental space for one FTE.

§208.148 - Failure for Missing Appointment/ Providing 24-hour Cancellation Notice

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** provide that this section allows MO HealthNet providers to prohibit a participant who misses an appointment or fails to provide twenty-four hour notice of cancellation from scheduling another appointment until the participant has paid a missed appointment fee to the health care provider. The Centers for Medicare and Medicaid Services (CMS) must approve an amendment to the Medicaid and Children's Health Insurance State Plan for this section. This language could potentially increase MHD's costs but it is unknown whether this would occur. If CMS does not approve such amendments, MO HealthNet will not implement this provision pursuant to Section 208.158, RSMo, which states "payments of medical assistance in federally aided programs shall be made only during such times as grants-in-aid are provided or made available to the state on the basis of the state plan approved by the federal government."

ASSUMPTION (continued)

§208.152 - Behavior Assessment and Intervention Codes

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state if the proposed legislation is enacted, MHD would reimburse for behavior assessment and intervention codes 96150 to 96154 for all psychologists regardless of any accreditation or specific training. MHD does not currently reimburse for these codes for psychologists without specific training in this intervention; therefore, a cost would be incurred. MHD anticipates the reimbursement for these codes would be \$20.00 per unit. Medicare does reimburse for codes 96150 to 96154 and MHD pays for the Medicare deductible and coinsurance related to these codes for dual (Medicare and Medicaid) enrolled individuals. In FY 2015, MHD paid the coinsurance and deductibles on 1,983 units of service. The number of dual enrolled participants in October 2015 was 146,444. The number of claims billed per dual enrolled is 0.014 (1,983 / 146,444). The number of MHD participants who are eligible for these services covered by codes 96150 to 96154 was 805,666 in October 2015. The estimated number of units which would be billed to MHD is 11,279 (805,666 X 0.014 claims/dual enrolled) annually. The estimated FY 2015 cost would be \$225,580 (11,279 x \$20.00). The FY 2015 cost was inflated by 3% annually to arrive at the FY 17 - 22 cost.

Since this legislation is subject to appropriation, the cost is stated as a range.

FY 2017: Total \$0 to \$239,317 (GR \$0 to \$88,002; Federal \$0 to \$151,315);
FY 2018: Total \$0 to \$246,497 (GR \$0 to \$90,642; Federal \$0 to \$155,855);
FY 2019: Total \$0 to \$253,892 (GR \$0 to \$93,361; Federal \$0 to \$160,531); and,
FY 2022: Total \$0 to \$277,435 (GR \$0 to \$102,018; Federal \$0 to \$175,417).

The proposal will have no impact on the **Division of Legal Services** or the **Missouri Medicaid Audit Compliance Unit**.

§208.952 - Joint Committee on Public Assistance

Officials from the **Missouri Senate** assume the proposal may have a fiscal impact to the Missouri Senate as the language stipulates that the compensation shall either come from the joint contingent fund or the House and Senate contingent funds until an appropriation is made. The language of the proposal establishing a joint committee to study Public Assistance will likely have a fiscal impact ranging from \$75,000 to \$165,000 annually. This estimate is based on current appropriations (rounded) for the Joint Committees of: Education, \$75,000; Administrative Rules, \$124,000; and Retirement Systems, \$165,000. Costs of employment or consulting contracts for staff will depend on the area of specialization. Actuarial services and/or economic forecasting for recipient demographics can range greatly; however, contract costs are likely to be less than \$100,000 annually.

ASSUMPTION (continued)

Officials from the **Missouri House of Representatives** assume the proposal could cost \$0 to \$127,000 per year. This assumes the House would be responsible for up to half of the cost of staff (up to \$125,000 annually), equipment and expenses (up to \$125,000 annually) and committee member (10) expenses for two meetings annually (\$200 per meeting/member or \$4,000). These estimates do not include fringe benefits.

Oversight notes in the TAFP'd CCS for SCS for HCS for HB 2012 that a \$300,000 appropriation of General Revenue funds for FY 2017 has been made for the Joint Committee on MO HealthNet. This proposal, among other things, changes the name of the Joint Committee on MO HealthNet to the permanent Joint Committee on Public Assistance. Oversight will show a cost of "Up to \$300,000" for expenses associated with the Joint Committee on Public Assistance and the contract/consulting costs to investigate public assistance programs.

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state this section requires MHD to provide "projected enrollment growth, budgetary matters, trends in childhood poverty and hunger, and any other information deemed to be relevant to the committee's purpose. MHD assumes information will not be limited to fee-for-service data and will include data that is compiled by the MO HealthNet Managed Care Health Plans. Any additional reporting requirements placed on the health plans will require a one-time actuarial study to determine the impact of these additional requirements on rate ranges to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services. MHD estimates the cost of the study at \$50,000. It is assumed that the capitation rates could increase in subsequent years depending upon the findings in the actuarial study.

Oversight assumes the cost of the actuarial study to be included in the \$300,000 appropriated for the Joint Committee on Public Assistance.

Officials from the **Department of Elementary and Secondary Education (DESE)** state, depending upon the actions of the committee, this proposal could result in costs for the department.

DESE will have access to some state agency information through the Missouri Health Insurance Network (MOHIN) exchange; however, DESE does not collect the data required by this proposal, especially at the district level. The department can capture districts' Medicaid revenue at the end of the year through the ASBR (Annual Secretary of the Board Report), but DESE has no way to project future costs/growth for each school. Potential costs are assumed to be unknown, but could exceed \$100,000 annually.

Oversight assumes MO HealthNet growth projections, including enrollment growth categorized by population and geographic area will be primarily the responsibility of the Department of Social Services and DESE will have minimal costs associated with this provision of the proposal.

ASSUMPTION (continued)

§§334.1200 - 334.1233 - Interstate Compact for Physical Therapists

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the compact will be effective when it is enacted into law in the tenth member state. Currently, no states have enacted the compact and only three states have legislation pending to enact the compact. It is not anticipated the compact would be enacted during FY 2017, FY 2018 or FY 2019 and as a result no fiscal impact to the DIFP during these fiscal years.

Once the compact is enacted the Division of Professional Registration would have the following fiscal impact: One FTE for a Processing Technician I, one FTE for legal counsel, \$6,000 annual fee to participate in the compact, and revenue of \$50 for each license fee with a compact privilege. It is anticipated 200 individuals will apply for a license with compact privilege.

Officials from the **Office of Administration (OA), Division of Budget and Planning (B&P)** state section 334.1206 allows member states to the Physical Therapy Compact to charge a fee as a condition for granting compact privilege to licensees. This could increase total state revenues and impact the state's Article X, Section 18(e) calculation once the compact is effective.

Oversight notes that the provisions of this section will not be effective until 10 states become members of the compact and there is no way to determine when that might occur. However, at the present time, the DIFP states the salary for a Processing Technician I is \$23,880 annually and the salary for 1 FTE Legal Counsel is approximately \$55,000 annually plus fringe benefits.

If the compact were to become effective today, the fiscal impact would be approximately \$78,880 in personal service costs plus \$41,663 in fringe benefits (total \$120,543) plus \$6,000 annual participation fee less \$10,000 in license fee revenue for a net cost to Board of Registration for the Healing Arts Fund of approximately \$116,543 annually. Equipment and expense costs have not been included by are assumed to be minimal.

§§335.360 - 335.415 - Nursing Licensure Compact

Officials from the **Office of Attorney General (AGO)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to similar provisions in SB 985, officials from the **AGO** assumed any potential costs arising from this proposal could be absorbed with existing resources.

Officials from the **Department of Social Services** assume the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

§§376.379 and 376.388 - Medication Synchronization and Pharmacy Benefit Managers' Maximum Allowable Cost Lists

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state the department estimates up to 3 amendments per licensed company in the non-comprehensive market. At the end of 2015 there were 435 companies writing non-comprehensive plans licensed in Missouri. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$65,250.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Social Services (DSS)** state these provision require health carriers or managed care plans to offer medication synchronization services and defines procedures to be used by pharmacy benefit managers with regard to maximum allowable cost lists. Since the language in the section (Chapter 376, RSMo) refers only to patients of private health insurance, this would not impact MO HealthNet or its contracted health plans as the pharmacy benefits are carved out of the Managed Care benefit package. MO HealthNet reimburses the pharmacy benefit for all enrollees through fee-for-service.

§376.1235 - Co-payment/coinsurance for Occupational Therapist

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state insurers would be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state currently the HMOs are contractually obligated to inform their members of the availability of physical and occupational therapy coverage under MO HealthNet, including related limitations, conditions and exclusions. There is no fiscal impact to this provision.

ASSUMPTION (continued)

§376.2020 - Prohibition of Enforcement of Certain Contract Provisions

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** and **Department of Social Services** each assume the proposal would not fiscally impact their respective agencies.

Bill as a Whole

Officials from the **Department of Mental Health (DMH), Divisions of Behavioral Health (DBH) and Developmental Disabilities (DD)** indicate no fiscal impact with the proposed legislation. However, the language proposed in 208.142 (additional copayment for emergency department visits when not determined emergent) and 208.148 (fee for missed appointments) could have a significant impact on the divisions' consumers and providers. While it is stated that a state plan amendment or waiver is to be submitted to the Centers of Medicare and Medicaid Services (CMS), DMH clients are specifically excluded from copayments. The conclusion of no fiscal impact to the department is based on the assumption that such requirements will not change for the mental health consumers.

Officials from the **Office of Administration (OA), Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload. However, if similar bills pass resulting in more cases, there could be a fiscal impact.

Officials from the **Department of Public Safety, Missouri State Highway Patrol** defer to the Missouri Department of Transportation (MoDOT), Employee Benefits Section for response on behalf of the Highway Patrol. Please see MoDOT's fiscal note response for the potential fiscal impact of this proposal.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Revenue, the Missouri Consolidated Health Care Plan, the Missouri Department of Conservation, the Missouri Department of Transportation, the Missouri Office of Prosecution Services, the OA, Information Technology Services Division, the Office of State Courts Administrator and the Office of State Treasurer** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain

ASSUMPTION (continued)

amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT -</u> <u>State Government</u> GENERAL REVENUE FUND	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2022)
<u>Income - DHSS</u> (\$197.315) Increase in Certificate-of-Need fees	\$0 to Less than \$100,000	\$0 to Less than \$100,000	\$0 to Less than \$100,000	\$0 to Less than \$100,000
<u>Savings - DSS-MHD</u> (\$208.142) Reduction in payments to hospitals	<u>\$109,916</u>	<u>\$135,856</u>	<u>\$139,932</u>	<u>\$152,908</u>
Total <u>All</u> Income and Savings	<u>\$109,916 to Less</u> <u>than \$209,916</u>	<u>\$135,856 to Less</u> <u>than \$235,856</u>	<u>\$139,932 to Less</u> <u>than \$239,932</u>	<u>\$152,918 to Less</u> <u>than \$252,908</u>
<u>Costs - DSS</u> (\$191.875) Increased hospital reimbursements	\$0	\$0	\$0	(\$1,433,887)
<u>Costs - DSS-MHD</u> (\$208.142) Personal service Fringe benefits Equipment and expense MMIS update	(\$8,564) (\$5,432) (\$2,292) <u>(\$125,000)</u>	(\$10,380) (\$6,547) (\$729) <u>\$0</u>	(\$10,483) (\$6,575) (\$747) <u>\$0</u>	(\$10,801) (\$6,662) (\$803) <u>\$0</u>
Total <u>Costs - DSS-</u> MHD	<u>(\$141,288)</u>	<u>(\$17,656)</u>	<u>(\$17,806)</u>	<u>(\$18,266)</u>
FTE Change - DSS	0.37 FTE	0.37 FTE	0.37 FTE	0.37 FTE

FISCAL IMPACT -

<u>State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2022)
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GENERAL REVENUE FUND (continued)

<u>Costs - DSS-MHD</u> (\$208.152)	\$0 to...	\$0 to...	\$0 to...	\$0 to...
Increased program payments	<u>(\$88,002)</u>	<u>(\$90,642)</u>	<u>(\$93,391)</u>	<u>(\$102,018)</u>
Total <u>Costs - DSS-MHD</u>	<u>\$0 to (\$88,002)</u>	<u>\$0 to (\$90,642)</u>	<u>\$0 to (\$93,391)</u>	<u>\$0 to (\$102,018)</u>

<u>Costs - Joint Committee on Public Assistance</u> (\$208.952)				
Expenses associated with the Joint Committee on Public Assistance, personnel and consulting costs	<u>(Up to \$300,000)</u>	<u>(Up to \$300,000)</u>	<u>(Up to \$300,000)</u>	<u>(Up to \$300,000)</u>
FTE Change - Joint Committee	2 FTE	2FTE	2 FTE	2 FTE
Total <u>All Costs</u>	<u>(Up to \$529,290)</u>	<u>(Up to \$408,298)</u>	<u>(Up to \$411,197)</u>	<u>(Up to \$1,854,171)</u>

ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND

	<u>(Up to \$419,374)</u>	<u>(Up to \$272,442)</u>	<u>(Up to \$271,265)</u>	<u>(Up to \$1,701,263)</u>
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Estimated Net FTE Effect on the General Revenue Fund	2.37 FTE	2.37 FTE	2.37 FTE	2.37 FTE
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FISCAL IMPACT -
State Government
 (continued)

	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2022)
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UNIVERSITY FUNDS

Costs - State-
Operated Hospitals
 (§197.315)

Certificate-of- Need application fees	<u>\$0 to (Less than</u> <u>\$100,000)</u>			
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ESTIMATED NET EFFECT ON UNIVERSITY FUNDS

	<u>\$0 to (Less than</u> <u>\$100,000)</u>			
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INSURANCE DEDICATED FUND

Income - DIFP
 Form filing fees
 (§§376.379 and
 376.388)

Form filing fees (§376.1235)	Up to \$65,250	\$0	\$0	\$0
	<u>Up to \$5,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND

	<u>Up to \$70,250</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT -
State Government
(continued)

	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2022)
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**BOARD OF
 REGISTRATION
 FOR THE
 HEALING ARTS
 FUND**
 (§§334.1200 to
 334.1233)

<u>Income - DIFP</u>				\$0 or ...
Licensing fees	\$0	\$0	\$0	\$10,000
<u>Costs - DIFP</u>				\$0 or ...
Personal service	\$0	\$0	\$0	(\$78,880)
Fringe benefits	\$0	\$0	\$0	(\$41,663)
Equipment and expense	\$0	\$0	\$0	(Unknown)
Compact participation fee	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$6,000)</u>
Total <u>Costs - DIFP</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$126,543)</u>
FTE Change - DIFP	\$0	\$0	\$0	0 or 2 FTE

**ESTIMATED NET
 EFFECT ON THE
 BOARD OF
 REGISTRATION
 FOR THE
 HEALING ARTS
 FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Greater than \$116,543)</u>
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Estimated Net FTE
 Change on the Board
 of Registration for
 the Healing Arts
 Fund

	0 FTE	0 FTE	0 FTE	0 or 2 FTE
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FISCAL IMPACT -
State Government
(continued)

	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2022)
FEDERAL FUNDS				
<u>Income - DSS</u> (\$191.875)				
Increase in program reimbursements	\$0	\$0	\$0	\$2,465,513
<u>Income - DSS-MHD</u> (\$208.142)				
Program reimbursements	\$154,041	\$30,359	\$30,617	\$31,412
<u>Income - DSS-MHD</u> (\$208.152)				
Increase in program reimbursements	\$0 to...	\$0 to...	\$0 to...	\$0 to...
	\$151,315	\$155,855	\$160,531	\$175,417
<u>Savings - DSS-MHD</u> (\$208.142)				
Reduction in payments to hospitals	<u>\$188,997</u>	<u>\$233,600</u>	<u>\$240,608</u>	<u>\$262,918</u>
Total <u>All</u> Income and Savings	<u>Up to \$494,353</u>	<u>Up to \$419,814</u>	<u>Up to \$431,756</u>	<u>Up to \$2,935,260</u>

FISCAL IMPACT -

<u>State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2022)
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**FEDERAL FUNDS
(continued)**

Costs - DSS
 (\$191.875)

Increase in program expenditures	\$0	\$0	\$0	(\$2,465,513)
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Costs - DSS-MHD
 (\$208.142)

Personal service	(\$14,726)	(\$17,848)	(\$18,026)	(\$18,573)
Fringe benefits	(\$9,341)	(\$11,257)	(\$11,306)	(\$11,455)
Equipment and expense	(\$4,974)	(\$1,254)	(\$1,285)	(\$1,384)
MMIS updates	<u>(\$125,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>Total Cost - DSS- MHD</u>	<u>(\$154,041)</u>	<u>(\$30,359)</u>	<u>(\$30,617)</u>	<u>(\$31,412)</u>
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FTE Change - DSS	0.63 FTE	0.63 FTE	0.63 FTE	0.63 FTE
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Costs - DSS-MHD
 (\$208.152)

Increase in program costs	\$0 to... (\$151,315)	\$0 to... (\$155,855)	\$0 to... (\$160,531)	\$0 to... (\$175,417)
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Loss - DSS-MHD
 (\$208.142)

Reduction in program reimbursements	<u>(\$188,997)</u>	<u>(\$233,600)</u>	<u>(\$240,608)</u>	<u>(\$262,918)</u>
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Total All Costs and
Losses

<u>(Up to \$494,353)</u>	<u>(Up to \$419,814)</u>	<u>(Up to \$431,756)</u>	<u>(Up to \$2,935,260)</u>
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**ESTIMATED NET
EFFECT ON THE
FEDERAL FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net FTE
Effect on the Federal
Fund

0.63 FTE	0.63 FTE	0.63 FTE	0.63 FTE
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<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2020)
LOCAL GOVERNMENTS - HOSPITALS				
<u>Income - Hospitals</u> (\$191.875)				
Increase in MO HealthNet reimbursements				
	\$0	\$0	\$0	Unknown
<u>Costs - Hospitals</u>				
Increase in data compiling and reporting costs (\$191.875)				
	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)
Increase in collection costs (\$208.142)				
	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - HOSPITALS				
	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>	<u>(Greater than \$100,000)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

§208.152 - Small business mental health provider may experience an increase in revenues for services provided for CPT Codes 96150 through 96154 if they participate in the MO HealthNet program.

§376.379 - This proposal may have a minimal administrative impact on small business pharmacies.

FISCAL DESCRIPTION

§191.875 - Health Care Cost and Transparency Act

This provision, known as the "Health Care Cost Reduction and Transparency Act" requires health care providers and health carriers must provide, within 5 days of a written patient or consumer request, an estimate of cost of health care services. This estimate shall be accompanied by specified language.

Hospitals are to make available to the public the amount that would be charged without discounts for each of the 100 most prevalent diagnosis-related groups with the diagnosis-related groups to be described in layperson's language suitable for use by reasonably informed patients. The information regarding hospital inpatient procedures shall be available beginning July 1, 2017

It is a condition of participation in the MO HealthNet for a health care provider located in a Kansas border county to comply with the provisions of this section.

§197.315 - Certificate of Need

Currently, facilities operated by the state are not required to obtain a certificate of need, appropriation of funds to such facilities by the General Assembly are deemed in compliance with certificate of need provisions, and such facilities are deemed to have received an appropriate certificate of need without payment of any fee or charge. This bill requires hospitals operated by the state and licensed under Chapter 197 to obtain a certificate of need and comply with the other provisions of certificate of need except for Department of Mental Health state-operated psychiatric hospitals.

§208.142 - MO Health Net Copayments

Beginning October 1, 2016, the Department of Social Services shall require MO HealthNet participants to pay an eight dollar copayment fee for use of a hospital emergency department for the treatment of a condition that is not an emergency medical condition. The Department shall promulgate rules for the implementation of this provision.

§208.148 - MO HealthNet Missed Payment Fees

This provision permits fee-for-service MO HealthNet health care providers, to the extent permitted by laws pertaining to the termination of patient care, to charge a missed appointment fee to MO HealthNet participants that such participants must pay before scheduling another appointment with that provider. The fee may be charged for missed appointments or for failing to cancel an appointment within 24 hours prior to the appointment. The permissible fees are as follows: No charge for the first missed appointment in a three-year period, \$5 for the second missed appointment in a three-year period, \$10 for the third missed appointment in a three-year period, and \$20 for the fourth and each subsequent missed appointment in a three-year period. Health care providers shall waive the fee in cases of inclement weather. The health care provider shall not charge to nor shall the MO HealthNet participant be reimbursed by the MO HealthNet program for the missed appointment fee.

FISCAL DESCRIPTION (continued)

§208.152 - Behavior Assessment and Intervention Codes

Beginning July 1, 2016, and subject to appropriations, this bill requires the MO HealthNet Division within the Department of Social Services to reimburse eligible providers, including psychologists, of behavioral, social, and psychophysiological services for the prevention, treatment, or management of physical health problems. A provider must be reimbursed utilizing the specified behavior assessment and intervention reimbursement codes or their successor codes under the Current Procedural Terminology coding system maintained by the American Medical Association.

§208.952 - Joint Committee on Public Assistance

This act modifies the Joint Committee on MO HealthNet to create a permanent Joint Committee on Public Assistance. The committee shall have as its purpose the study of the efficacy of public assistance programs within the state, determine the resources needed to continue and improve the programs, and develop recommendations on how to reduce dependency and promote public assistance recipient self-sufficiency as may be appropriate. The committee shall receive and obtain information from the departments of Social Services, Mental Health, Health and Senior Services, Elementary and Secondary Education, and any other department as applicable, regarding projected enrollment growth, budgetary matters, and any other information deemed relevant to the committee's purpose.

The committee shall meet at least twice a year. A portion of the meeting shall be set aside for public testimony. The committee is authorized to hire staff and enter into employment contracts, including an executive director, to conduct special reviews or investigations of the state's public assistance programs. The committee shall also conduct an annual rolling 5-year forecast of the state's public assistance programs and make recommendations to the General Assembly.

This act also repeals a section of law relating to a rolling 5-year MO HealthNet forecast conducted by the Legislative Budget Office.

§§334.1200 - 334.1233 - Interstate Compact for Physical Therapists

This bill establishes this state as a member of a compact to facilitate the interstate practice of physical therapy. The primary purpose of the compact is to preserve the regulatory authority of states to protect public health and safety through the current system of state licensure. The compact will become effective after it has been approved by 10 member states.

FISCAL DESCRIPTION (continued)

§§376.379 and 376.388 - Medication Synchronization and Pharmacy Benefit Managers' Maximum Allowable Cost Lists

This act requires a health carrier or managed care plan that provides prescription drug coverage in the state to offer medication synchronization services. A health carrier or managed care plan that provides prescription drug coverage shall not charge any amount in excess of the otherwise applicable co-payment for dispensing a prescription drug in a quantity that is less than the prescribed amount and shall provide a full dispensing fee to the pharmacy that dispenses the prescription drug so long as the terms of the medication synchronization services are met.

§376.1235 - Co-payment/coinsurance for Occupational Therapist

This proposal adds services rendered by licensed occupational therapists to services that cannot require a higher co-payment or coinsurance than is required for the services of a primary care physician office visit. This proposal also requires health carriers to clearly state the availability of occupational therapy services. This proposal requires the Oversight Division of the Joint Committee on Legislative Research to perform an actuarial analysis of the cost impact health carriers, insured, and other payers for occupational therapy coverage beginning September 1, 2016, and submit a report by December 31, 2016.

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 Attorney General
Department of Elementary and Secondary Education
Department of Higher Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions
and Professional Registration
Department of Mental Health
Department of Public Safety -
Missouri State Highway Patrol
Department of Social Services -
MO HealthNet Division
Division of Legal Services
Office of the Governor

SOURCES OF INFORMATION (continued)

Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Missouri House of Representatives
Missouri Office of Prosecution Services
Office of Administration -
 Administrative Hearing Commission
Office of State Courts Administrator
Missouri Senate
Office of Secretary of State
Missouri State University
State Technical College of Missouri
University of Missouri
Cass Regional Medical Center
Golden Valley Memorial Hospital
Hermann Area District Hospital
Samaritan Hospital
Washington County Memorial Hospital



Mickey Wilson, CPA
Director
June 10, 2016

Ross Strobe
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