

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6265-09
Bill No.: Perfected SS for SB 982
Subject: Emergencies; Health Care; Hospitals; Insurance - Health; Medical Procedures and Personnel
Type: Original
Date: April 18, 2018

Bill Summary: This proposal enacts provisions relating to payments for health care services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Insurance Dedicated Fund	(Unknown, greater than \$200,000)	(Unknown, greater than \$200,000)	(Unknown, greater than \$200,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown, greater than \$200,000)	(Unknown, greater than \$200,000)	(Unknown, greater than \$200,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume the following:

Section 376.690

This section would have an unknown fiscal impact to DIFP, but expected to exceed \$200,000 in Insurance Dedicated Funds.

This proposal requires DIFP to ensure access to an arbitration process when a health care professional objects to applications of established payments for certain out of network emergency services described in the bill. Based upon conversations with other state insurance departments, the Department has learned that similar legislation in the State of Texas results in 5,000 cases or requests being submitted each year. Based on this number and the ratio of population between Missouri and Texas, we estimate the number of requests under this legislation to be approximately 1,150.

In order to facilitate this process, the DIFP Consumer Affairs Division will need to receive and review complaints so that they may determine if the bill is from a fully insured or self-funded plan and if the health carrier has made a reasonable offer and that the health care professional has rejected said offer. They will also need to assemble all materials necessary for the arbitration and the review and finalization of any arbitration decision. Because the legislation refers to the decisions of the arbitrators as being final, we are unsure if the intent of the legislation is for these matters to fall within the scope of a "contested case". A contested case would permit an aggrieved party to appeal the final decision to Circuit Court. Because of this and the uncertainty of the intent, the Department may need to request additional FTE and appropriate through the budget process to review all final arbitration orders to ensure they meet the standards set forth in the law and defend any appeals or related litigation filed in Circuit Court and to handle increased complaints.

In addition to these costs, DIFP would need to bid a contract for an external arbitration services. It is expected these costs will run between \$1,000 and \$2,000 per arbitration, to be split equally between the health care professional and health carrier. In addition, the Department would require a database of health care service reimbursement rates by procedure costs with the ability to query by various reimbursement levels and which will permit the arbitrator to ascertain in-network cost-sharing amounts. The cost to build, design or subscribe to an online service with this functionality is unknown.

ASSUMPTION (continued)

Section 376.1350 and 376.1367

This section may require policy amendments be submitted to the department for review along with a \$50 filing fee. The department expects to see a filing influx of 100 filings. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,000 (100 x \$50). 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 Health and Senior Services**, the **Department of Social Services** and the **Missouri Consolidated Health Care Plan** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
INSURANCE DEDICATED FUND			
<u>Revenue - DIFP</u> \$50 Filing Fee	Up to \$5,000	\$0	\$0
<u>Cost - DIFP</u> administrative cost to ensure access to an arbitration process	(Unknown, greater than <u>\$200,000</u>)	(Unknown, greater than <u>\$200,000</u>)	(Unknown, greater than <u>\$200,000</u>)
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>(Unknown, greater than \$200,000)</u>	<u>(Unknown, greater than \$200,000)</u>	<u>(Unknown, greater than \$200,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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

This proposal would require the Department of Insurance, Financial Institutions and Professional Registration to ensure access to an arbitration process when a health care professional objects to applications of established payments for certain out-of-network emergency services.

This proposal would specify that whether an ailment is considered an “emergency medical condition” depends on the person having sufficiently severe symptoms, regardless of what final diagnosis is given.

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 and Professional Registration
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan

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