

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0039S.05T
 Bill No.: Truly Agreed To and Finally Passed SS for HCS for HB Nos. 115 & 99
 Subject: Health Care Professionals; Physical Therapists; Physicians; Professional Registration and Licensing; Health Care; Nurses; Mental Health; Health Care; Drugs and Controlled Substances; Pharmacy
 Type: Original
 Date: May 31, 2023

Bill Summary: This proposal modifies provisions relating to licensing of health care professionals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund	(\$58,995)	(\$35,831)	(\$37,766)
Total Estimated Net Effect on General Revenue	(\$58,995)	(\$35,831)	(\$37,766)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Committee of Professional Counselors Fund	\$0 or (\$3,000 -\$6,000)	\$0 or (\$3,000 -\$6,000)	\$0 or (\$3,000 -\$6,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (\$3,000-\$6,000)	\$0 or (\$3,000-\$6,000)	\$0 or (\$3,000-\$6,000)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Federal Funds*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Revenues and Expenses of about \$70,000 per year Net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 195.070, 335.016 - 335.175 - APRN Provisions

Officials from the **Department of Commerce and Insurance (DCI)** state it is estimated that to fully investigate and prosecute complaints, the board may need additional resources. An unknown cost of up to \$100,000 from the Board of Nursing Fund may be necessary, depending on the number of cases and legal expenses that occur.

Oversight assumes because the potential for litigation is speculative that the Department of Commerce and Insurance will not incur significant cost related to this proposal. If a fiscal impact were to result, the DCI may request additional funding through the appropriation process. (**Oversight** notes that the State Board of Nursing Fund (0635) had a balance of \$11,442,483 as of April 30, 2023.)

Oversight contacted DCI officials and learned there are currently 14,673 registered APRNs in Missouri. APRNs are required to pay a one-time fee of \$150 for recognition of their APRN status. DCI officials state this proposal does not change the fee structure or requirements related to APRNs. The proposal instead changes the current APRN recognition model to a licensure model.

Sections 334.100, 334.506 and 334.613

Officials from the **Department of Social Services (DSS)** assume this legislation revises Chapter 334, RSMo, by adding three sections that would allow physical therapists to treat patients without a prescription or referral from an approved health care provider. Since this legislation revises Chapter 334, RSMo, and since there is no specific exemption for physical therapists that contract with the Health Maintenance Organizations (HMOs) that contract with the state to provide health benefits to MO HealthNet managed Care members, it is assumed this will apply to them.

The HMOs that contract with the state have current policies and procedures that outline treatment guidelines for members for physical therapy services. This legislation revises current language to remove the requirement for a prescription or referral from an approved healthcare provider, provided the physical therapist has a doctorate of physical therapy degree or has five years of clinical practice as a physical therapist. In addition, this legislation revises language that states consultation with an approved health care provider is not required if the course of physical therapy services or treatment is completed within ten visits or twenty-one business days.

Providers enrolled with MO HealthNet must be licensed by the state in which they practice. In order to receive reimbursement for services provided to a MO HealthNet participant, providers must be enrolled with the state as a MO HealthNet provider. Physical therapy services must be prescribed by a primary care provider and is only a covered benefit for children. Additionally, any service included in the Individualized Education Program (IEP) developed through the public school is covered through Fee-For-Service.

Medicaid's requirement for medical necessity of physical therapy services would be impacted if the need for prescription and referral by a primary care provider (or specialist) were removed. By removing this connection to the primary care/specialist provider, utilization for these services will inevitably increase over time due to provider induced demand, potential for over treatment (due to lack of utilization controls), and difficulty in enforcement. In addition, utilization increases may be expected based on the use of in-office ancillary. Without the need for a script or other utilization control, utilization increases may be anticipated as clinicians have the ability to bill up to ten visits before they must seek further consult, and without an enforcement process, it is assumed this type of behavior will increase.

It is assumed that the Managed Care capitation rates would increase at least \$100,000 based on this legislation. For FY25 and FY26, a 5.4% medical inflation rate was used. DSS estimates the actuarial cost to evaluate this program change to the Managed Care capitation rates to be no more than \$50,000.

FY24: Total - \$150,000 (GR - \$58,995; Federal - \$91,005)

FY25: Total - \$105,400 (GR - \$35,831; Federal - \$69,569)

FY26: Total - \$111,092 (GR - \$37,766; Federal - \$73,326)

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the cost estimate provided by DSS in the fiscal note.

Sections 337.510 - 337.550 – Counseling Interstate Compact

Officials from the **Department of Commerce and Insurance (DCI)** state it is uncertain if the compact would be enacted in FY24, FY25 or FY26. Once the compact is enacted the Division would have the following fiscal impact: \$3,000 to \$6,000 estimated annual fees to participate in the compact.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated fiscal impact as a range of \$0 (the compact is not enacted) to \$3,000 - \$6,000 (the compact is enacted) to the Committee of Professional Counselors Fund (0672).

Bill as a whole:

Officials from the **Office of Administration - Administrative Hearing Commission**, the **Department of Health and Senior Services**, the **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri Consolidated Health Care Plan**, **Kansas City** and the **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 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 \$5,000. 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Cost – DSS §334.100 p.4-5</u>			
Increase in Managed Care Capitation Rates (state portion)	(\$33,995)	(\$35,831)	(\$37,766)
Actuarial Study (state portion)	(\$25,000)	\$0	\$0
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(\$58,995)	(\$35,831)	(\$37,766)
FEDERAL FUNDS			
<u>Revenue – DSS §334.100 p.4-5</u>			

Increase in Managed Care Capitation Rates	\$66,005	\$69,569	\$73,326
Actuarial Study	\$25,000	\$0	\$0
<u>Cost - DSS §334.100</u>			
Increase in Managed Care Capitation Rates (federal portion)	(\$66,005)	(\$69,569)	(\$73,326)
Actuarial Study (federal portion)	(\$25,000)	\$0	\$0
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
COMMITTEE OF PROFESSIONAL COUNSELORS FUND (0672)			
<u>Cost – DCI p.3</u> Counseling Interstate Compact fees (§§337.510 - 337.550)	<u>\$0 or (\$3,000-\$6,000)</u>	<u>\$0 or (\$3,000-\$6,000)</u>	<u>\$0 or (\$3,000-\$6,000)</u>
ESTIMATED NET EFFECT TO THE COMMITTEE OF PROFESSIONAL COUNSELORS FUND (0672)	<u>\$0 or (\$3,000-\$6,000)</u>	<u>\$0 or (\$3,000-\$6,000)</u>	<u>\$0 or (\$3,000-\$6,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small business physical therapists, pharmacists and Licensed Professional Counselors could have a direct fiscal impact as a result of this proposal.

FISCAL DESCRIPTION

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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 Administration - Administrative Hearing Commission

Department of Commerce and Insurance

Department of Health and Senior Services

Department of Social Services

Department of Public Safety - Missouri Highway Patrol

Missouri Consolidated Health Care Plan

Missouri Department of Conservation

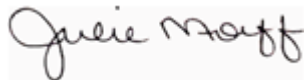
Department of Transportation

Joint Committee on Administrative Rules

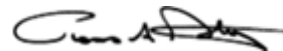
Office of the Secretary of State

Kansas City

City of Springfield



Julie Morff
Director
May 31, 2023



Ross Strobe
Assistant Director
May 31, 2023