

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0543S.04P
Bill No.: Perfected SS for SB 51
Subject: Health Care Professionals; Physical Therapists; Physicians; Professional
Registration and Licensing; Health Care
Type: Original
Date: February 1, 2023

Bill Summary: This proposal modifies provisions relating to physical therapists.

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
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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 approximately \$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

Officials from the **Department of Social Services (DSS)** assume the perfected version of this legislation is nearly identical to the first version from this year. The primary difference is this adds that a physical therapist shall not provide physical therapy services or treatment after this referral has been made.

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)

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Missouri Consolidated Health Care Plan** and the **Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Missouri Department of Conservation**, the **Office of Administration - Administrative Hearing Commission**, the **City of O'Fallon**, the **St. Louis Budget Division**, the **City of Springfield** and **Kansas City** each assumed 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.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

In response to a previous version, officials from the **Department of Public Safety - Missouri Highway Patrol** deferred to the Missouri Department of Transportation for the potential fiscal impact of this proposal.

Oversight only reflects the responses received from state agencies and political subdivisions; however, counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Cost – DSS</u>			
Increase in Managed Care Capitation Rates (state portion)	(\$33,995)	(\$35,831)	(\$37,766)
Actuarial Study (state portion)	<u>(\$25,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$58,995)</u>	<u>(\$35,831)</u>	<u>(\$37,766)</u>
FEDERAL FUNDS			
<u>Revenue - DSS</u>			
Increase in Managed Care Capitation Rates	\$66,005	\$69,569	\$73,326
Actuarial Study	\$25,000	\$0	\$0
<u>Cost - DSS</u>			
Increase in Managed Care Capitation Rates (federal portion)	(\$66,005)	(\$69,569)	(\$73,326)
Actuarial Study (federal portion)	<u>(\$25,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 could be impacted by this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to the practice of physical therapy. Under this act, physical therapists with a doctorate of physical therapy or 5 years of clinical experience may evaluate and initiate treatment on a patient without a prescription or referral from an approved health care provider. Physical therapists may provide certain educational information, fitness or wellness programs, screenings, and consultations without a prescription or referral regardless of whether a patient is symptomatic.

This act repeals provisions limiting the ability of a physical therapist to examine and treat certain conditions or injuries without a prescription or referral. Under this act, physical therapists shall refer to an approved health care provider patients with certain conditions, including those with conditions beyond the scope of practice of physical therapy, as well as any patient who does not demonstrate measurable or functional improvement within ten visits or 30 days, whichever occurs first.

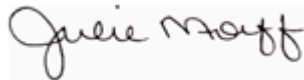
A physical therapist shall consult with an approved health care provider after ten visits or 30 days, whichever occurs first, before continuing physical therapy if a patient's condition has improved and the physical therapist believes that continued physical therapy is reasonable and necessary. The physical therapist shall provide the provider certain information specified in the act during such consultation and continued physical therapy shall proceed in accordance with input from the provider. The physical therapist shall notify the provider of continuing physical therapy every 10 visits or 30 days unless the provider directs otherwise.

This act allows the Board of Registration for the Healing Arts to file a complaint against a physical therapist for evaluating or treating a patient in a manner inconsistent with provisions of the act and existing law governing the scope of practice for physical therapists, rather than allowing the Board to file a complaint for practicing or offering to practice independent of a prescription and the direction of certain health care providers listed in current law.

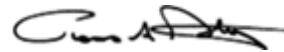
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Department of Transportation
Department of Public Safety
Kansas City
O'Fallon
Springfield
St. Louis Budget Division



Julie Morff
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