

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1567-03
Bill No.: SB 377
Subject: Physicians; Insurance - Medical; Health Department; Medical Procedures and Personnel
Type: Original
Date: February 20, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	\$0 to (\$96,672)	\$0 to (\$99,143)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0 TO (\$96,672)	\$0 TO (\$99,143)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan**, the **Department of Conservation**, the **Department of Insurance**, and the **Department of Transportation** assume this proposal would not fiscally impact their agencies

Department of Social Services - Division of Medical Services (DMS) state the proposal would not have a fiscal impact on DMS. DMS assumes that this would include employment contracts between physicians that are employed by the managed care organizations. DMS also assumes that the managed care organization would provide a copy of the template contract.

Officials from the **Department of Health (DOH)** state a significant portion of DOH's data collection and consumer guide development activity involves working collaboratively with the Department of Insurance. DOH understands that the Department of Insurance already receives most of the contracts between managed care entities and health care providers. This information includes the contractual provisions regarding restrictions on patient care, as well as any financial incentive provisions or other restrictions directly related to the availability of, or preference for, particular medical treatment options. However, while the Department of Insurance may review the contractual structure of such incentive provisions, DOH understands the Department of Insurance is not allowed under their current rule to ask for information about dollar amounts or fee structures. DOH states that if the proposal intends that the contract review activity should include analysis of dollar amounts and fee structures, there would appear to be three options for meeting the proposal's mandate:

1) DOH and the Department of Insurance could produce a joint report where Insurance could collect and analyze information they currently receive excluding fee structure information. DOH would collect this information, based on rule promulgation, and match it with Insurance's information in order to produce a complete report.

2) DOH would collect, analyze, and prepare the report with Insurance's assistance. Due to regulatory needs of implementing such requirements, additional staff would be required. DOH would need a Research Analyst III who would be responsible for coordinating the collection and analysis of the contract documents submitted by the managed care entities as required by the proposal. This would be a new position as the delineated responsibilities are not currently covered by existing programs or personnel. The analyst would be responsible for reviewing the submitted documents, communicating with the managed care entities on needed clarifications and/or filing requirements, and preparing the final report. Other tasks would include consultation with DOH attorneys on related legal questions as well as on-going professional development and training on matters related to the managed care industry. Given the sensitivity of the information collected, this position would be extensively involved in rule-making and regulatory activities. DOH would also need a Clerk Typist II to support this new set of mandated activities. This

ASSUMPTION (continued)

position would involve support of the data collection and report preparation activities including mailings, file management, communications with managed care plans, and other clerical support tasks. In addition, the Clerk Typist II would be expected to provide clerical support for regulatory activities.

3) The Department of Insurance could revise their rules to allow them to collect, analyze, and prepare the report without DOH assistance. They have a defined line of Product Analysts. If dollar amounts and fee structures would not be required for the legislative reports, Insurance would already have the contracts at their disposal to meet this mandate.

Oversight assumes DOH would not incur costs until FY 2003 due to the report not being due until January 31, 2003. **Oversight** has ranged the costs to reflect personnel costs and expense and equipment for those positions.

Officials from the **Office of Attorney General** and the **Department of Public Safety - Missouri State Highway Patrol** did not respond to our fiscal impact request.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

Costs - Department of Health

Personal services (2 FTE)	\$0	\$0 to (\$64,286)	\$0 to (\$65,893)
Fringe benefits	\$0	\$0 to (\$21,427)	\$0 to (\$21,962)
Expense and equipment	<u>\$0</u>	<u>\$0 to (\$10,959)</u>	<u>\$0 to (\$11,288)</u>
Total <u>Costs</u> - Department of Health	<u>\$0</u>	<u>\$0 to (\$96,672)</u>	<u>\$0 to (\$99,143)</u>

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

<u>\$0</u>	<u>\$0 TO</u> <u>(\$96,672)</u>	<u>\$0 TO</u> <u>(\$99,143)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<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.

DESCRIPTION

This proposal would require the Department of Health to report on employment contracts between managed care entities and physicians. Reports would be submitted to the General Assembly by January 31 of each odd-numbered year and would include information on contractual provisions, financial incentives, or other restrictions.

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 Transportation
Department of Health
Department of Social Services
Department of Conservation
Missouri Consolidated Health Care Plan
Department of Insurance

NOT RESPONDING: Office of Attorney General, Department of Public Safety - Missouri State Highway Patrol



Jeanne Jarrett, CPA
Director

February 20, 2001