

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4997-01
Bill No.: HB 2311
Subject: Health Care
Type: Original
Date: February 18, 2020

Bill Summary: This proposal prohibits provider-based facilities from charging, billing, or collecting a facility fee for services provided to patients.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	Less than \$309,000	Less than \$618,000	Less than \$618,000
Total Estimated Net Effect on General Revenue	Less than \$309,000	Less than \$618,000	Less than \$618,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Various Other State	Less than \$73,650	Less than \$147,300	Less than \$147,300
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$73,650	Less than \$147,300	Less than \$147,300

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Federal	Less than \$117,350	Less than \$234,700	Less than \$234,700
Total Estimated Net Effect on <u>All</u> Federal Funds	Less than \$117,350	Less than \$234,700	Less than \$234,700

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	(Greater than \$500,000)	(Greater than \$1,000,000)	(Greater than \$1,000,000)

FISCAL ANALYSIS

ASSUMPTION

§197.288 - Prohibits provider-based facilities for charging, billing, or collecting a facility fee

Officials from the **Golden Valley Memorial Hospital** state the proposed legislation could be detrimental to Missouri hospitals, especially rural hospitals. Because rural hospitals operate on such thin margins, limiting access to any potential revenue stream will have an impact. Golden Valley Memorial generates close to \$1 million in annual revenue as a result of facility fee billing. That revenue helps to cover the costs of providing services to the community that Golden Valley might not be able to if facility fee billing isn't available.

Oversight notes, based on information obtained from the Department of Health and Senior Services, there are approximately 35 hospitals in Missouri that are state-owned, hospital districts, or county/city/or community owned/operated. If each of these facilities were to lose up to a million dollars annually in provider-based facility fees, the estimated loss to hospitals could exceed \$35,000,000 annually, but we don't know how many facilities collect such fees. Therefore, Oversight will, for fiscal note purposes only, show a loss to local government hospitals (Greater than \$1,000,000) annually.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** estimate this legislation would result in a savings of less than \$1 million annually. Some of these facility fees may be prevented by MCHCP's current third party administrator's (TPA's) contracts with providers.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the savings provided by MCHCP for fiscal note purposes, broken out by General Revenue (61.8%), Federal (23.47%) and Other State Funds (14.73%) .

Oversight assumes changes to provider billing and payments would be effective at the beginning of a new plan year (January 1). Therefore, for fiscal note purposes, Oversight assumes a six month savings for FY 21.

Officials from the **Department of Social Services (DSS)** assume the proposal would have no fiscal impact on their organization because of the clause: "unless Medicare is the primary payor for such patient and the facility is allowed to charge the fee under federal law or the patient is covered by Medicare and Medicaid allows the facility to charge the fee."

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the no fiscal impact provided by the DSS for fiscal note purposes.

ASSUMPTION (continued)

Oversight notes the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Missouri Department of Conservation** and the **Missouri Department of Transportation** have each stated the proposal would not have a direct 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 organizations.

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.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Savings - MCHCP (\$197.288) -</u> Reduction in facility fees paid	<u>Less than</u> <u>\$309,000</u>	<u>Less than</u> <u>\$618,000</u>	<u>Less than</u> <u>\$618,000</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>Less than</u> <u>\$309,000</u>	<u>Less than</u> <u>\$618,000</u>	<u>Less than</u> <u>\$618,000</u>
VARIOUS OTHER STATE FUNDS			
<u>Savings - MCHCP (\$197.288) -</u> Reduction in facility fees paid	<u>Less than</u> <u>\$73,650</u>	<u>Less than</u> <u>\$147,300</u>	<u>Less than</u> <u>\$147,300</u>
ESTIMATED NET EFFECT ON VARIOUS OTHER STATE FUNDS	<u>Less than</u> <u>\$73,650</u>	<u>Less than</u> <u>\$147,300</u>	<u>Less than</u> <u>\$147,300</u>
FEDERAL FUNDS			
<u>Savings - MCHCP (\$197.288) -</u> Reduction in facility fees paid	<u>Less than</u> <u>\$117,350</u>	<u>Less than</u> <u>\$234,700</u>	<u>Less than</u> <u>\$234,700</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>Less than</u> <u>\$117,350</u>	<u>Less than</u> <u>\$234,700</u>	<u>Less than</u> <u>\$234,700</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
LOCAL GOVERNMENTS - HOSPITALS			
<u>Loss - Hospitals (\$197.288) - Reduction in facility fees received</u>	<u>(Greater than \$500,000)</u>	<u>(Greater than \$1,000,000)</u>	<u>(Greater than \$1,000,000)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>(Greater than \$500,000)</u>	<u>(Greater than \$1,000,000)</u>	<u>(Greater than \$1,000,000)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The bill prohibits a provider-based facility, which is a clinic or physician's office that operates under the ownership, administrative, and financial control of a hospital or health system and bills as an outpatient department of the hospital, from charging, billing, or collecting a facility fee for services provided to patients unless Medicare or Medicaid is the primary payor for such patient and the facility is allowed to charge the fee.


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 Public Safety -
 Missouri State Highway Patrol
Department of Social Services
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Golden Valley Memorial Hospital



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February 18, 2020



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