

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5479-01  
Bill No.: HB 1490  
Subject: Health Care; Health Care Professionals; Medical Procedures and Personnel;  
Insurance - Medical  
Type: Original  
Date: February 28, 2012

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Bill Summary: Requires a health carrier to credential a health care professional within 60 days of receiving a completed application and to pay the practitioner for treatment services pending approval.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown more than \$30,560)	(Unknown Greater than \$57,945)	(Unknown Greater than \$57,945)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown more than \$30,560)</b>	<b>(Unknown Greater than \$57,945)</b>	<b>(Unknown Greater than \$57,945)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Other State Funds	(Unknown more than \$7,220)	(Unknown more than \$7,220)	(Unknown more than \$7,220)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown more than \$7,220)</b>	<b>(Unknown more than \$7,220)</b>	<b>(Unknown more than \$7,220)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Federal Funds	(Unknown more than \$12,200)	(Unknown more than \$104,275)	(Unknown more than \$104,275)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>(Unknown more than \$12,200)</b>	<b>(Unknown more than \$104,275)</b>	<b>(Unknown more than \$104,275)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** assume the National Committee on Quality Assurance (NCQA) standard on credentialing is currently 180 days. MCHCP's vendors currently comply with these national standards. Reducing the standard may result in increased administrative costs to MCHCP. The costs are unknown, expected to exceed \$50,000 annually.

Officials from the **Department of Conservation, Department of Transportation and Department of Health & Senior Services** assume there will be no fiscal impact to their agency.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal will have no fiscal impact on their agency. If the adoption of this proposal results in an increase in consumer inquiries, the agency believes it could absorb the workload within existing appropriations. However, should the extent of the work be more than anticipated, the agency would request additional appropriation and/or FTE through the budget process.

Officials from the **Department of Social Services - MO HealthNet (DOS)** assume this proposal does not revise Chapter 208, RSMo therefore it does not affect MO HealthNet eligibility or benefits.

This proposal does not revise Chapter 376, RSMo. The MO HealthNet Division (MHD) assumes that since there is no specific exemption for contracts with the state, the proposal will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

This proposal would impact the MHD Managed Care program by changing current credentialing requirements - 60-day requirement (versus current contract requirement of 180 days) and the need for health plans to compensate health care professionals within ten days of the date of application.

The health plans will only be able to pay for services during a member's period of Medicaid eligibility. Health plans will only be able to reimburse providers for services back to the date of application if these services were provided to a Medicaid eligible at the time services were rendered.

The estimated actuarial cost to further evaluate this possible program change to the capitation rates would be no more than \$25,000. There could be an increase to the administrative

ASSUMPTION (continued)

assumption portion of the capitation rates due to the additional responsibility for the health plans to more quickly process these credentialing applications. It is estimated that each health plan will need one half and FTE to address the more prompt credentialing requirement. For year 2 and forward, an increase in the capitation rates of greater than \$150,000 (6 health plans with greater than \$25,000 FTE cost) is expected.

The health plans would not need to make any changes in order to comply with the uniform credentialing form requirement and therefore there would be no additional cost.

The first year cost is to evaluate the actuarially sound impact of this requirement on rate rages to ensure actuarial soundness as required by the Centers for Medicare and Medicaid Services. The cost to evaluate could be up to \$25,000. It is assumed that capitation rates would increase in year 2 and forward and could exceed \$150,000 each year. This fiscal impact was prepared after consulting with the state's contracted actuary.

FY13 match rate for the actuarial study is calculated at 50% federal match.

FY14 and FY15 match rate for capitated rates are calculated at 61.37% federal match.

FY13: Total Cost <\$25,000 (\$12,500 GR)

FY14: Total Cost Unknown > \$150,000 (\$57,945 GR)

FY15: Total Cost Unknown > \$150,000 (\$57,945 GR)

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Cost</u> - MO HealthNet - Actuarial Cost & Capitation Rate Increase	(Unknown Less than \$12,500)	(Unknown Greater than \$57,945)	(Unknown Greater than \$57,945)
<u>Cost</u> - Missouri Consolidated Health Care Plan - Administrative Costs	<u>(Unknown - Could be more than \$30,560)</u>	<u>(Unknown - Could be more than \$88,505)</u>	<u>(Unknown - Could be more than 88,505)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown - Could be more than \$30,560)</u></b>	<b><u>(Unknown - Could be more than \$88,505)</u></b>	<b><u>(Unknown - Could be more than \$88,505)</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Cost</u> - Missouri Consolidated Health Care Plan - Administrative Costs	<u>(Unknown - Could be more than \$7,220)</u>	<u>(Unknown - Could be more than \$7,220)</u>	<u>(Unknown - Could be more than \$7,220)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown - Could be more than \$7,220)</u></b>	<b><u>(Unknown - Could be more than \$7,220)</u></b>	<b><u>(Unknown - Could be more than \$7,220)</u></b>

<u>FISCAL IMPACT - Federal Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>FEDERAL FUNDS</b>			
<u>Cost - MO HealthNet - Actuarial Cost &amp; Capitation Rate Increase</u>	(Unknown Less than \$12,500)	(Unknown Greater than \$92,055)	(Unknown Greater than \$92,055)
<u>Cost - Missouri Consolidated Health Care Plan - Administrative Costs</u>	<u>(Unknown - Could be more than \$12,220)</u>	<u>(Unknown - Could be more than \$12,220)</u>	<u>(Unknown - Could be more than \$12,220)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(Unknown could be more than \$12,220)</u></b>	<b><u>(Unknown Greater than \$104,275)</u></b>	<b><u>(Unknown Greater than \$104,275)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill establishes a process for a health insurance carrier to credential a health practitioner within 60 days of receiving a completed application from the practitioner. A health insurance carrier must:

- (1) Send an electronic notice to a health practitioner of receipt of an electronically filed credentialing application within 48 hours of receipt and send a notice of receipt of a paper application within five days of receipt;
- (2) Assess a health practitioner's credentialing information and make a decision to approve or deny his or her application within 60 days unless the verifying application information indicates that the practitioner has a history of behavioral disorders or impairments; had licensure disciplinary actions imposed; had hospital admitting or surgical privileges revoked, restricted, or suspended based on clinical performance; or has incurred a medical malpractice judgement; and
- (3) Permit, within 10 business days of receiving a completed application, a health practitioner to bill and be paid directly for treatment services provided to the carrier's health plan enrollees while the application is under review unless the health practitioner is not affiliated with an entity that has a current contractual relationship with the health insurance carrier. Reimbursement rates

DESCRIPTION (continued)

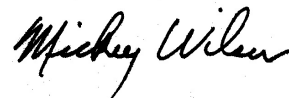
for the health practitioner can be limited to the same fee schedule paid to out-of-network providers. The health insurance carrier may refuse to list the health practitioner in its provider directory or to allow the practitioner to be designated as a primary care provider for its enrollees while the application is pending. If a practitioner's credentialing application is denied, the carrier's obligation to be billed by and reimburse the health practitioner ceases upon the carrier's notice to the practitioner of the denied application.

The Department of Insurance, Financial Institutions and Professional Registration must establish a mechanism for reporting a health insurance carrier's violation of untimely credentialing of a health practitioner. Repeated violations will constitute an unfair trade practice by limiting an insured's full freedom of choice to choose a health care provider.

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

Missouri Consolidated Health Care Plan  
Department of Conservation  
Department of Social Services  
Department of Health & Senior Services  
Department of Social Services -  
    MO HealthNet  
Department of Insurance, Financial Institutions &  
    Professional Registration



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