

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1570-01
Bill No.: HB 712
Subject: Hospitals; Health Care; Insurance - Medical
Type: Original
Date: February 17, 2015

Bill Summary: This proposal requires hospitals to provide notice to patients regarding whether they are being admitted or placed in observation status.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
General Revenue	(Unknown)	\$0	\$0	(Unknown)
Total Estimated Net Effect on General Revenue	(Unknown)	\$0	\$0	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

* Unknown income and expenses in FY 2019 net to \$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Total Estimated Net Effect on FTE				

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 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Local Government	(Unknown)	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Oversight assumes this proposal would have a fiscal impact on hospitals upon passage of the proposal. However, any impact on hospitals will not immediately impact the state because hospitals reimbursement rates for a given year are based on the fourth prior year cost report. Oversight assumes any potential increase in hospital costs would not impact the state General Revenue fund until FY 2020. Oversight is unable to determine the fiscal impact of this proposal on the Department of Social Services, MO HealthNet Division or the MO HealthNet program. In addition, Oversight assumes any impact on Federal Funds resulting from this proposal would net to \$0 and would not occur until FY 2020.

Furthermore, Oversight is unable to determine the potential fiscal impact of this proposal on the Department of Health and Senior Services, who is responsible for promulgating rules to implement the provisions of §197.130 and developing an acknowledgment form to meet the written notice requirements of the section. However, Oversight does assume that DHSS costs would be incurred in FY 2016.

Therefore, Oversight assumes an unknown fiscal impact to the General Revenue Fund for this proposal for FY 2016 and FY 2020; unknown cost to local governments (hospitals) beginning in FY 2016 and unknown income and offsetting costs to Federal funds beginning in FY 2020.

Officials from the **Joint Committee on Administrative Rules** assume the proposal would not fiscally impact their agency.

FISCAL IMPACT - State
 Government

	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
GENERAL REVENUE FUND				
(§197.130)				
<u>Costs - DHSS</u>				
Form development and promulgation of rules	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs - DSS-MHD</u>				
Increase in state share of hospital costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
FEDERAL FUNDS				
(§197.130)				
<u>Income - DSS-MHD</u>				
Increase in program reimbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
<u>Costs - DSS-MHD</u>				
Increase in program expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
LOCAL GOVERNMENTS - HOSPITALS				
<u>Income - Hospitals</u>				
Increase in reimbursements from the state	\$0	\$0	\$0	Unknown
<u>Costs - Hospitals</u>				
Increase in operating costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS - HOSPITALS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal requires all licensed hospitals to provide oral and written notice to each patient regarding whether the patient is admitted to the hospital under inpatient status or observational status during the intake process, at any time the patient's status changes, and upon discharge. Upon discharge the hospital must provide oral and written notice to the patient regarding the duration of the patient's inpatient status, observational status, or both.

Each oral and written notice must include:

- (1) A statement regarding whether the patient is being admitted to the hospital under inpatient status or observational status;
- (2) A statement that observation status may affect the patient's Medicare, MO HealthNet, or private insurance coverage for hospital services including medications and pharmaceutical supplies and for home- and community-based care or rehabilitative services at a skilled nursing facility if needed upon discharge from the hospital; and

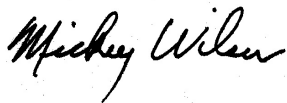
FISCAL DESCRIPTION (continued)

(3) A recommendation that the patient contact his or her health insurance provider to better understand the implications of a patient's placement in observation status.

Each written notice must include the name and title of the hospital representative who gave oral notice, the date and time oral notice was given, and the signature of the hospital representative, and must be signed and dated by the patient or his or her legal guardian or authorized representative, if applicable, to verify receipt and understanding of the oral and written notice. Oral and written notice must be provided in a manner that is understood by the patient. If the patient lacks the capacity to understand the medical or financial implications of his or her patient status, the oral and written notice must be provided to his or her legal guardian or authorized representative.

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



Mickey Wilson, CPA
Director
February 17, 2014

Ross Strobe
Assistant Director
February 17, 2014