

**STATE
FISCAL IMPACT**

Drafting Number: LLS 12-0634

Date: February 8, 2012

Prime Sponsor(s): Rep. Liston
Sen. Tochtrop

Bill Status: House Economic & Business Development
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING BILLING FOR ANATOMIC PATHOLOGY SERVICES.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
Cash Funds		
Division of Registrations Cash Fund	\$67,029	
State Expenditures		
Cash Funds		
Division of Registrations Cash Fund	33,503	33,503
FTE Position Change		
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill prohibits a licensed practitioner from billing for anatomic pathology services unless the practitioner conducted the tests personally. A clinical laboratory can make claims for payment for anatomic pathology services directly only to the patient, insurance carrier, health clinic ordering the services, referring laboratory, or governmental agency on behalf of the patient. The bill defines anatomic pathology services to include histopathology or surgical pathology, cytopathology, hematology, subcellular pathology or molecular pathology, and blood-banking services performed by pathologists. Health care practitioners who commit violations are subject to enforcement action by their respective licensing boards or the Director of the Division of Registrations at the Department of Regulatory Agencies.

State Revenue

This bill is expected to increase revenue to the Division of Registrations Cash Fund by \$67,029 for FY 2012-13 from physician licensure fees. Because physicians have a two-year renewal period, the fees are calculated to cover two years of implementation.

Fee Impact on Individuals, Families or Business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Fee calculations are set administratively by the DORA based on the cash fund balance, estimated program costs, and the estimated number of licensees. The table below identifies the fee impact of this bill.

Table 1. Fee Impact on Individuals, Families or Business					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Physician License Renewal (2 year)	\$228.00	232.23	\$4.23	15,846	\$67,029
TOTAL					\$67,029

State Expenditures

State Board of Medical Examiners, Department of Regulatory Agencies. *This bill is expected to increase expenditures from the Division of Registrations Cash Fund by \$33,503 in FY 2012-13 and FY 2013-14.* These costs are for disciplinary actions that require referral to the Attorney General's Office for adjudication. The fiscal note assumes that five cases annually will be referred and require 80 hours of legal services each at a rate of \$75.71 per hour for a total of \$30,284. One case is expected to require a hearing before an administrative law judge for a cost of \$3,219.

State Employee Health Plans, Department of Personnel and Administration. If the bill results in savings to state employee health plans as well as private employer plans, then the state and state employees could see a reduction in costs for health insurance coverage. The state contribution is set based upon prevailing market practices, measured as a percent cost share between the employer and employee. Therefore, though this legislation will impact that cost, it may not be a dollar for dollar rate; the exact amount will be impacted by market conditions. This potential impact will be addressed through the Total Compensation analysis included in the annual budget process.

Health Care Policy and Financing. The federal Medicare and Medicaid Anti-Kickback Law prohibits referring health care practitioners from billing for anatomic pathology services, so no changes to Medicaid expenditures are expected. The Children's Basic Health Plan may see savings in costs for services but this amount cannot be determined.

Local Government Impact

Health plans for local government employees may see a reduction in costs for pathology services but this amount cannot be determined.

State Appropriations

For FY 2012-13, the Department of Regulatory Agencies requires an appropriation of \$33,503. Of this amount, \$30,284 is reappropriated to the Department of Law.

Departments Contacted

Regulatory Agencies	Law	Personnel and Administration
Health Care Policy and Financing		