

February 17, 2015

The Honorable Daniel Hawkins, Chairperson
House Committee on Health and Human Services
Statehouse, Room 521-E
Topeka, Kansas 66612

Dear Representative Hawkins:

SUBJECT: Fiscal Note for HB 2225 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2225 is respectfully submitted to your committee.

HB 2225 would clarify that a medical retainer agreement for providing routine health care services, supplies and drugs is not insurance and would not subject the provider to insurance regulations.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$634,464
FTE Pos.	--	--	--	8.00

The Kansas Insurance Department states that allowing medical retainer agreements for routine health care services to be outside of the jurisdiction of the Commissioner of Insurance could lead to confusion among consumers and health care providers if issues arise.

Currently a physician is not prohibited from engaging in the business model of concierge medicine in the form of an agreement to perform a set of services for a set fee. However, the Board of Healing Arts states that passage of HB 2225 could result in additional reports and complaints regarding practitioners because of confusion created in the eyes of patients regarding what treatments would be covered by the retainer verses what would be covered by insurance and determination of medical necessity. An increase in the number of complaints or

corresponding investigations that would need to be performed by Board staff and the number of disciplinary cases handled by the Board may result if medical diagnoses are delayed or missed.

The Board indicates that the passage of HB 2225 would require an increase in FTE positions and operating expenditures. The table below shows the breakdown for the additional cost of \$412,784 and 8.00 FTE positions.

2.00 FTE Investigator Positions @ \$49,554	\$ 99,108
2.00 FTE Administrative Assistants @ \$38,783	77,566
1.00 FTE Associate Litigation Counsel	68,500
1.00 FTE Assistant General Counsel	68,500
2.00 FTE Legal Assistant Positions @ 49,555	<u>99,110</u>
Subtotal Salaries & Wages	\$412,784
Office Furniture and Equipment @ \$8,000 per person	64,000
Telephone, e-mail, and Internet Lines @ \$640 per month X 12	7,680
Office Space of 1,000 sq. ft. @ \$12.50 per sq. ft. per month	<u>150,000</u>
Total	\$634,464

The Division of the Budget considers the fiscal estimate prepared by the Board of Healing Arts to be excessive. Since the practice of concierge medicine is already legal, the Division of the Budget believes that any increase in complaints, investigations, and caseload activity would be negligible. Any fiscal effect associated with HB 2225 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Cathy Brown, Board of Healing Arts
Mary Blubaugh, Board of Nursing
Aaron Dunkel, Health & Environment
Glenda Haverkamp, Insurance