

STORAGE NAME: h0365s1.hcr

DATE: April 9, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE STANDARDS & REGULATORY REFORM
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 365

RELATING TO: Managed Care/Dermatologists

SPONSOR(S): Committee on Health Care Standards & Regulatory Reform & Representative Posey and Others

STATUTE(S) AFFECTED: Amends s. 627.6472, and 641.31, F.S.

COMPANION BILL(S): SB 244(i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) HEALTH CARE STANDARDS & REGULATORY REFORM YEAS 5 NAYS 3
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I. SUMMARY:

This bill would provide direct access to dermatologists who are under contract with health maintenance organizations (HMOs) and exclusive provider organizations (EPOs) without the need for a subscriber/member to go through a primary care physician. In effect, a patient would be allowed to self-refer to these specialists. The term "direct patient access" is defined as the ability of an insured to obtain such services without a referral or other authorization prior to receiving services.

The number of visits to a dermatologist without prior authorization is limited to five office visits within a 12 month period.

It has been reported that direct access could inhibit the ability of HMOs and EPOs to control cost and utilization of specialized care. Also, it could possibly affect the quality of care in that it could interfere with the primary care physician's ability to manage a member's total health needs. Prescriptions could be ordered in conflict with existing medications, etc. Self-referral to a dermatologist may or may not be appropriate. In the case of unnecessary or inappropriate self-referrals, the cost of care would be elevated.

The bill will not have any fiscal impact on the state, local government, or the private sector in general.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Health maintenance organizations (HMOs) and exclusive provider organizations (EPOs) use primary care physicians as gatekeepers to manage care for members and to determine when a referral to specialty care is necessary and appropriate. The primary care physician has knowledge of the patient's total health needs and can handle many medical needs with reduced use of unnecessary higher cost specialty services.

Dermatology is considered a specialty and therefore access is typically achieved through referral by a primary care physician. Reimbursement to specialists is handled differently by HMOs and EPOs and is typically at a higher rate than reimbursement to primary care physicians.

B. EFFECT OF PROPOSED CHANGES:

This bill would provide direct access to dermatologists who are under contract with HMOs or EPOs without the need to go through a primary care physician. In effect, a patient would be allowed to self-refer to these specialists.

The term "direct patient access" is defined as the ability of an insured to obtain such services without a referral or other authorization prior to receiving services.

The number of visits to a dermatologist without prior authorization is limited to five office visits within a 12 month period.

It has been stated that this direct access will inhibit the ability of HMOs and EPOs to control cost and utilization of care. It could possibly affect the quality of care in that it could interfere with the primary care physician's ability to manage a member's total health needs. Prescriptions could be ordered in conflict with existing medications, etc. Self-referral to a dermatologist may or may not be appropriate. In the case of unnecessary or inappropriate self-referrals the cost of care would be elevated.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

- (2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Yes. This bill would allow self-referral to a dermatologist without the knowledge of a patient's primary care physician. It could cause additional work for the primary care physician and the HMOs or EPOs.

- (3) any entitlement to a government service or benefit?

No.

- b. If an agency or program is eliminated or reduced:

- (1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

Not Applicable.

- (2) what is the cost of such responsibility at the new level/agency?

Not Applicable.

- (3) how is the new agency accountable to the people governed?

Not Applicable.

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

No.

- c. Does the bill reduce total taxes, both rates and revenues?

No.

- d. Does the bill reduce total fees, both rates and revenues?

No.

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

The bill does not make provision for the cost of increased utilization of a specialist. Most likely increased costs would be covered by increased premiums.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes. It would allow an individuals who are members of HMOs or EPOs to self-refer themselves to dermatologists.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

Not Applicable.

- (2) Who makes the decisions?

Not Applicable.

(3) Are private alternatives permitted?

Not Applicable.

(4) Are families required to participate in a program?

Not Applicable.

(5) Are families penalized for not participating in a program?

Not Applicable.

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

Not Applicable.

(2) service providers?

Not Applicable.

(3) government employees/agencies?

Not Applicable.

D. SECTION-BY-SECTION RESEARCH:

Section 1. Amends s. 627.6472, F.S., relating to exclusive provider organizations, by creating a subsection (16), which requires all EPOs to provide direct patient access for office visits and minor procedures and testing to dermatologists who are under contract with the health plan. By July 1, 1997, EPOs must develop criteria for compliance which may not impede or inhibit access to such specialists. The term "direct patient access" is defined as the ability of an insured to obtain such services without a referral or other authorization prior to receiving services. The number of visits to a dermatologist without prior authorization is limited to five office visits within a 12 month period.

Section 2. Amends s. 641.31, F.S., relating to health maintenance organizations, by creating a subsection (29), which requires all HMOs to provide direct patient access for office visits and minor procedures and testing to dermatologists who are under contract with the health plan. By July 1, 1997, HMOs must develop criteria for compliance which may not impede or inhibit access to such specialists. The term "direct patient access" is defined as the ability of an insured to obtain such services without a referral or other authorization prior to receiving services. The number of visits to a dermatologist without prior authorization is limited to five office visits within a 12 month period.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

There were four amendments adopted by the committee. A C/S was made of the bill. Amendments 1 and 3 provided that "direct patient access" is defined as the ability of an insured to obtain such services without a referral or other authorization prior to receiving services. Amendments #2 and 4 provided that the number of visits to a dermatologist without prior authorization is limited to five office visits within a 12 month period.

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VII. SIGNATURES:

COMMITTEE ON HEALTH CARE STANDARDS & REGULATORY REFORM:

Prepared by:

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