

**STORAGE NAME:** h0007s1.hcs

**DATE:** February 25, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
HEALTH CARE SERVICES  
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**BILL #:** CS/HB 7

**RELATING TO:** Health Insurance/Physician Assistant

**SPONSOR(S):** The Committee on Health Care Services and Rep. Morse

**STATUTE(S) AFFECTED:** s. 627.419, F.S.

**COMPANION BILL(S):** SB 350 (similar)

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

(1) HEALTH CARE SERVICES YEAS 8 NAYS 0

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**I. SUMMARY:**

When performing certain surgical procedures, a surgeon may require the assistance of either another physician, or of a specially trained registered nurse or a physician assistant. For example, hip replacement surgery requires an assistant to help the surgeon manipulate the patient's leg into the proper position. Medicare procedure codes recognize this need in certain surgeries and provide reimbursement for an assisting physician which is 16 percent of the fee paid to the surgeon. If the assistant is a physician assistant, Medicare pays 10.4 percent of the surgeon's fee for the physician assistant. Many insurance companies in Florida will reimburse for a physician assistant who assists a surgeon in an operation which requires a surgical assistant.

Florida law requires every health insurance policy, health care services plan, or other contract to reimburse a registered nurse who provides surgical assistance services (see s. 627.419, F.S.). However, this statute does not apply to a physician assistant.

CS/HB 7 amends s. 627.419, F.S., to add a physician assistant to the provisions of the section, thus requiring that a physician assistant, or the employer of the physician assistant or nurse, be reimbursed by the health insurance policy, health care services plan, or contract when serving as a surgical first assistant. However, this provision applies only if reimbursement for an assisting physician is covered and the physician assistant or registered nurse substitutes for the assisting physician.

This legislation has no fiscal impact on state government but could result in increased costs for local government employee health plans.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Physician assistants are licensed under s. 458.347, F.S., or s. 459.022, F.S. According to these sections, the Legislature's intent in licensing physician assistants is to encourage more effective utilization of the skills of physicians or groups of physicians by enabling them to delegate health care tasks to qualified assistants when such delegation is consistent with the patient's health and welfare. A physician assistant must function under the direct or indirect supervision of a physician in accordance with rules adopted by the Board of Medicine or the Board of Osteopathic Medicine.

Florida law (s. 627.419(6), F.S.) requires that when a health insurance policy, a health care services plan, or other contract provides payment for surgical first assisting benefits or services, the policy, plan, or contract is to be construed as providing for payment to a registered nurse first assistant. In order to be reimbursed, the nurse must perform services which are within the scope of the nurse's professional license.

Surgical assistant services can be provided either by another physician, or by a registered nurse or a physician assistant. For example, in the performance of a coronary artery bypass procedure, the surgeon will open the patient's chest, connect the patient to a heart-lung machine, and stop the patient's heart. While the surgeon is performing these tasks, the surgical assistant will remove one or several veins from the patient's leg to be used as the graft, and suture the leg closed. Then the assistant will assist the surgeon in sewing the graft(s) onto the heart. The heart is then restarted, the patient taken off the heart-lung machine, and the patient's chest closed.

Although it is not required by state law, many insurance companies will reimburse for the services of a physician assistant who assists a surgeon in a procedure where a surgical assistant is authorized. Generally, an insurance policy will reimburse a physician who provides surgical assistance a fee equivalent to 20 to 25 percent of the fee paid to the surgeon. If the surgical assistant is a physician assistant, the fee is generally 15 percent of the surgeon's fee.

B. EFFECT OF PROPOSED CHANGES:

Health insurers will be required to reimburse a physician assistant as well as a registered nurse, or the physician assistant or nurse's employer, when either provides surgical first assisting benefits or services. This requirement will apply only if reimbursement for an assisting medical doctor is covered and the physician assistant or registered nurse substitutes. Medicare, Medicaid and ERISA (Employee Retirement Income Security Act) qualified self-insured plans will be unaffected since they are exempt from state insurance regulation.

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, the Department of Insurance will enforce the provisions of the act.

(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?

N/A

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

N/A

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

N/A

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?

Local governments may experience increase costs associated with employee health benefits in complying with the provisions of this legislation.

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?

No.

4. Individual Freedom:

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

No.

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

The bill does require a health insurer to reimburse a physician assistant for services under certain circumstances.

5. Family Empowerment:

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

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

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

N/A

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

N/A

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?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

**Section 1.** Amends s. 627.419, F.S., relating to construction of health insurance policies, to require that a physician assistant as well as a registered nurse, or the employer of the physician assistant or nurse, be reimbursed when either provides surgical first assisting benefits or services.

**Section 2.** Provides an effective date of October 1, 1997.

III. FISCAL ANALYSIS & 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:

Local government may experience increased costs in complying with the provisions of this bill.

3. Long Run Effects Other Than Normal Growth:

None.

C. **DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

1. Direct Private Sector Costs:

Health insurers may experience increase costs if surgeons utilize the services of a physician assistant to assist in surgeries which they previously did on their own.

2. Direct Private Sector Benefits:

Physician assistants will be reimbursed by health insurers when providing surgical first assistant services. Health care costs may decrease slightly if surgeons use physician assistants instead of physicians to provide surgical first assisting benefits.

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

Enactment of this legislation may improve the employment market for physician assistants.

D. **FISCAL COMMENTS:**

None.

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

A. **APPLICABILITY OF THE MANDATES PROVISION:**

This bill may increase health care costs for local governments related to the provision of employee health insurance benefits.

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not reduce the authority of counties or municipalities to raise revenues.

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:

According to proponents of this legislation, there may be several advantages to using a physician assistant or registered nurse as a surgical assistant instead of a physician. Many times the physician assistant or nurse is an employee of the surgeon, and therefore is readily available to participate in the patient's pre-operative and post-operative care. This provides an opportunity for the assistant to know the patient and be more familiar with the patient's medical needs. An ongoing relationship between the surgeon and the assistant may also foster teamwork. In addition, if the assistant is an employee or under contract with the surgeon, the assistant is more readily available which facilitates scheduling. Finally, since a physician assistant or a registered nurse is reimbursed at a lower rate than a

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physician who assists in a surgery, health care costs may be reduced. All of these factors may improve patient satisfaction and surgical outcomes.

Opponents of this legislation suggest that it may actually increase health care costs. This is the case because surgeons may bill for physician assistant services where previously the surgeon paid for the physician assistant out of the surgeon's fee or, the physician may utilize a physician assistant to assist in surgery where previously the surgeon performed the surgery without assistance.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The only difference between the bill as filed and the committee substitute is the committee substitute contains a technical amendment to change the words "medical doctor" to "physician".

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

Prepared by:

Legislative Research Director:

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Michael P. Hansen

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Michael P. Hansen