

FISCAL NOTE (Form 1)
 (Office of Fiscal Analysis)
 Analyst: EG/jas 4/2/92
 tk
 Version: 3

BILL NUMBER: SHB 5139
 FILE NUMBER:
 AMENDMENTS: House "B" and "C"

TITLE: "AN ACT REQUIRING PHYSICIAN DISCLOSURE OF FINANCIAL INTERESTS IN REFERRALS"

FAVORABLY REPORTED BY Public Health

EFFECTIVE DATE: 10/1/92

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5139

STATE IMPACT	Potential Future Savings, Potential Minimal Revenue Gain, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Health Service, Department of Income Maintenance

EXPLANATION OF ESTIMATES:

Passage of this bill as amended would result in a potential future savings for the Department of Income Maintenance (DIM) and a potential minimal revenue gain to the State. The bill as amended would require licensed physicians who have a financial interest in an establishment performing diagnostic services or therapeutic services to disclose that interest to patients and offer reasonable referral alternatives; such disclosure is currently required only of physicians with a financial interest in an establishment which operates diagnostic imaging equipment.

Therefore, passage of this bill as amended could result in a potential future savings to the Department of Income Maintenance by reducing Medical Assistance (Medicaid) expenditures. Studies show that physician referrals based on personal interests are significant. To the extent that referrals which may have resulted in increased costs to the state for Medicaid payment are deterred by the disclosure requirement of this bill as amended, savings would ensue. An estimate of this potential future savings to the DIM cannot be determined at this time. Any savings would be offset by appropriate adjustments in federal financial participation.

House "B" is a technical change, which would result in no additional fiscal impact.

Furthermore, the bill as amended may result in potential revenue for the state. House "C" would make specific the disciplinary action violators of the disclosure requirement would be subject to. House "C" would limit disciplinary action to Section 19a-17, under Subdivision (6) of Subsection (a). This specific disciplinary action would restrict the examining boards of the Department of Health Services to assess a civil penalty of up to \$1,000 as the only punishment of physicians who fail to comply with the new disclosure requirement. Therefore, this amendment would make a revenue gain more likely. However, as there were no complaints last year of a physician failing to disclose financial interest in an establishment which operates diagnostic imaging equipment, a minimal revenue gain is still expected from violations of the new requirement. Since the civil penalty is not set at a specific dollar amount by the bill as amended, this minimal revenue gain cannot be quantified at this time.