



Ohio Legislative Service Commission

Jim Ramey

Fiscal Note & Local Impact Statement

Bill: [H.B. 284 of the 129th G.A.](#)

Date: September 16, 2011

Status: As Introduced

Sponsor: Rep. Gonzales

Local Impact Statement Procedure Required: No

Contents: Modifies the laws governing physician assistants

State Fiscal Highlights

- **Medicaid Reimbursement Rate.** The Ohio Department of Job and Family Services (ODJFS) would experience an increase in Medicaid costs as a result of the provision requiring physician assistants to be reimbursed at 100% of the Medicaid maximum rate. According to ODJFS, the increase in Medicaid costs for managed care, hospitals, nursing facilities, and intermediate care facilities for the mentally retarded (ICFs/MR), could be \$1 million or more each year. In addition, based on FY 2010 data, fee-for-service costs would increase by approximately \$300,000 per year. The additional costs to ODJFS would vary based on the number of physician assistants who provide services to individuals enrolled in Medicaid without any involvement by a physician, changes in service utilization, and other policy changes.
- **State Medical Board.** The Board could experience an overall increase or decrease in revenue depending on (1) the number of new "certificates to prescribe" that will be issued to physician assistants, and (2) the potential decrease in "provisional certificates to prescribe" that are issued. The Medical Board would also experience a one-time increase in costs to adjust rules regarding physician assistants, which would likely be funded using existing resources.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill makes changes to the laws regarding physician assistants. This analysis focuses on those changes in the bill that have, or would seem to have, a fiscal impact on state government; the bill does not have any direct fiscal impact on local government.

Medicaid

Reimbursement rate

Currently, services solely provided to individuals enrolled in Medicaid by physician assistants are reimbursed at the lesser of the provider billed rate or 85% of the physician fee schedule rate.¹ This rate applies only to services provided exclusively by a physician assistant. When a physician also provides direct and identifiable services during a patient's visit in addition to services provided by a physician assistant, reimbursement is made at the lesser of the provider billed rate or 100% of the Medicaid maximum fee schedule.

The bill requires physician assistants to be reimbursed at 100% of the Medicaid maximum rate. According to ODJFS, Medicaid payments made to managed care organizations (MCOs), hospitals, nursing facilities, and ICFs/MR would be adjusted to account for the rate change, which could result in an increase in costs to the Medicaid Program of \$1 million or more each year. The cost of services provided by physician assistants is reflected in the capitated rate paid to the MCOs. The capitated rate is determined by a state-contracted actuary. Services provided by physician assistants in hospitals, nursing facilities, and ICFs/MR are included in the Medicaid reimbursement provided to those organizations. In addition to the Medicaid providers discussed above, the rate adjustment could result in an increase in Medicaid fee-for-service costs of approximately \$300,000 each year, according to ODJFS.

The actual amount of additional Medicaid costs will depend on the number of claims submitted by physician assistants for which a physician did not provide direct and identifiable services during a patient's visit. This amount could also vary based on changes in utilization and other policy changes.

Provider agreements

The bill requires ODJFS to establish a process to enable physician assistants to enter into Medicaid provider agreements. Am. Sub. H.B. 153, the FY 2012-FY 2013 biennial budget bill, contains a provision requiring ODJFS to establish procedures for entering into provider agreements with physician assistants. H.B. 153 requires ODJFS to adopt rules that establishes the process as soon as possible, but not later than July 1, 2012. As this is already required by the budget, ODJFS will not incur any additional costs as a result of this bill.

¹ O.A.C. 5101:3-4-03.

State Medical Board

Provisional period of physician-delegated prescriptive authority

The bill permits an individual who (a) has practiced in another state as a physician assistant or who was credentialed or employed as a physician assistant by the federal government and (b) held valid authority issued by the other state or the federal government to prescribe therapeutic devices and drugs, including at least some controlled substances, to obtain a certificate to prescribe without participating in a provisional period of physician-delegated prescriptive authority. This provision could result in a decrease in the number of provisional certificates to prescribe issued by the State Medical Board. In addition, if more physician assistants licensed by the federal government or other states establish practice in Ohio, the bill could result in an increase in the number of certificates to prescribe issued by the Board. The Board could experience an increase or decrease in revenue depending on if the number of new certificates to prescribe is greater than the decrease in provisional certificates to prescribe. The fee for both a provisional certificate to prescribe and a certificate to prescribe is \$100. At the end of FY 2010, there were 260 physician assistants with provisional certificates to prescribe and 702 physician assistants with a certificate to prescribe.

Scope of practice

The bill expands the scope of practice for physician assistants. Under certain circumstances, the bill allows physician assistants to prescribe schedule II controlled substances, determine and pronounce an individual's death, provide certain additional services without special approval by the State Medical Board, and prescribe or refer a patient for physical or occupational therapy. As a result of these changes, the State Medical Board will have to amend its rules regarding physician assistants. Any costs associated with rulemaking would likely be funded with existing resources.