

INITIATIVE FINANCIAL INFORMATION STATEMENT

Physician Shall Charge the Same Fee for the Same Health Care Service to Every Patient

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

Like most health care providers, medical doctors licensed under Chapter 458, Florida Statutes, establish a set fee for each service they provide. This set fee is referred to as the “usual and customary charge” and is supposed to reflect all the costs associated with providing a particular service. In practice, the usual and customary charge is actually the ceiling under which purchasers of health care negotiate a fee schedule that the physician will accept as full payment for services provided. This proposed constitutional amendment would require medical doctors to charge to all purchasers the lowest fee the physician has agreed to accept from anyone as full payment for the same health care service, procedure or treatment.

Based on the information provided through public workshops, arguments before the Florida Supreme Court, and information collected through staff research, the Financial Impact Estimating Conference principals expect that the proposed amendment will have the following financial effects.

1. Physicians may be able to create new business arrangements for billing purposes that do not violate the language of the amendment and will allow them to continue cost shifting among their patients.
 - If these new business arrangements are allowed, current billing practices may continue and there may be no financial impact on state and local governments.
2. Physicians may change the schedule of fees they currently accept as full payment to a single rate for each particular service they provide. The health care market may set the fee for each service as some percentage of Medicare’s reimbursement rate. As a result,
 - Medicaid’s expenditures for physician services will increase significantly since its rates are currently the lowest fee accepted as full payment by most physicians. To keep physicians in the program, Medicaid rates will need to increase to at least the Medicare reimbursement rate, and possibly the reimbursement rates of commercial payors. Raising Medicaid’s reimbursement rates to the same level as Medicare or that of commercial payors would require an increase of between 40% and 115%. These increases would result in a financial impact of between \$157 million and \$471 million in state revenue for Medicaid expenditures for physician services.
 - Public health centers (e.g., county health departments, community-funded hospitals) may lose revenue from fees collected from self-pay patients; however, these losses may be offset by increases in revenues from higher Medicaid reimbursements. Because it is unclear how much these two effects will offset each other, the total financial impact cannot be determined at this time.
 - The amendment will affect the cost of providing health care coverage to state and local government employees. If the government’s health plan reimburses physicians at a rate higher than other plans, the cost to the plan will probably decrease. If the government’s health plan has a lower fee schedule, the cost of physician services will likely increase. However, the total financial impact on these health plans cannot be determined at this time.