

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0224-08
Bill No.: Truly Agreed and Finally Passed HCS for SS for SCS for SB's 74 & 49
Subject: Children and Minors; Health Care; Health Department; Health, Public; Insurance
Type: Original
Date: May 27, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$96,797 to Unknown)	(\$101,765 to Unknown)	(\$103,370 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$96,797 to Unknown)	(\$101,765 to Unknown)	(\$103,370 to Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated Fund	\$0 - \$8,000	\$0	\$0
Department of Health and Senior Services Administrative and Cost Allocation Fund*	\$0	\$0	\$0
Department of Health and Senior Services Disaster Fund*	\$0	\$0	\$0
Missouri Public Health Services Fund	\$41,000 to Unknown	\$41,000 to Unknown	\$41,000 to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$41,000 to Unknown	\$41,000 to Unknown	\$41,000 to Unknown

*Unknown income and costs would net to \$0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Department of Conservation**, the **Office of Lieutenant Governor**, the **Office of Administration**, the **Department of Revenue**, the **Missouri House of Representatives**, **Office of State Courts Administrator**, the **Department of Mental Health**, the **Department of Social Services**, and the **Department of Economic Development** assume this proposal would not fiscally impact their agencies.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state HCP benefits provide coverage for childhood immunizations including Poliomyelitis, Rubella, Rubeola, Mumps, Tetanus, Pertussis, Diphtheria, Hepatitis B, Hemophilus Influenza Type B and Varicella. HCP states approximately five of those covered immunizations contain Thimerosal.

Since no preference would be given to mercury free formulations, HCP assumes this legislation would have no fiscal impact.

Officials from the **Department of Insurance (INS)** estimate 160 insurers and HMOs might be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$0 to \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Officials from the **Department of Health and Senior Services (DOH)** state they do not have data on the variance of cost and efficacy of immunizations with and without mercury preservatives. However, the DOH assumes this proposal would not be expected to fiscally impact the operations of the DOH. If a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

DOH assumes one Health Program Representative I/II and related expense and equipment would be needed to provide administrative support to the Commission. DOH states the Central Registry Unit has an existing toll free phone line that could be used for meeting the requirement of a toll free senior advisory support telephone number. This phone is staffed Monday thru Friday from 8:00 to 5:00. The DOH states if the intent of the proposal is that it be staffed 24 hours per day, 7 days a week, the DOH would require additional staff. DOH notes the

ASSUMPTION (continued)

Commission will have 9 members who are not state employees and meet 4 times a year resulting in quarterly meeting costs (9 members x 4 meetings per year x \$160 standard meeting costs = \$5,760). DOH assumes there will be two public hearings held annually. The DOH estimates the costs of each public hearing at \$500. DOH estimates the cost of printing the annual report to be \$1,000.

Oversight has, for fiscal note purposes only, changed the starting salary for the DOH position to the first step for FY 06 and the second step for subsequent years to correspond to comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

DOH states the following related to costs associated with the non-Medicaid eligible personal care assistance program:

Staff, expense and equipment dollars have been transferred for the personal care assistance program from the Department of Elementary and Secondary Education, Division of Vocational Rehabilitation to the Department of Health and Senior Services, Division of Senior Services and Regulation, in the Governor's SFY 06 budget proposal. Program costs associated with the non-Medicaid eligible personal care assistance clients is subject to appropriations and funding has been appropriated in the SFY 06 budget. Because of the core transfer and the language that indicates the program is subject to appropriations, the Department assumes there will be no additional fiscal impact.

Officials from the **Office of Attorney General (AGO)** assumes that provisions relating to immunizations containing mercury (Section 191.235, formerly SB 74 & 49) can be absorbed with existing resources. AGO states with regard to provisions relating to newborn screening (Section 191.332, formerly HB 818), education efforts about the risk of hepatitis C (Section 191.645, formerly HB 217), the DHSS Administrative and Cost Allocation Fund and Services Disaster Fund (Section 192.324 et seq., formerly HB 819), changes allowing electronic signatures on birth certificates (Sections 193.015 et seq.), AGO assumes that these provisions will create no fiscal impact.

AGO assumes that changes to the personal-care assistance program will create a fiscal impact (Section 1). AGO assumes that increasing the number and process for eligibility reviews,

ASSUMPTION (continued)

changing the asset limits and limiting the eligibility of these benefits would result in an increased number of appeals. AGO assumes because it represents the Department of Social Services in defending agency decisions, it may need additional attorneys and support staff based on the number of appeals that might result. AGO assumes that it would need 3 AAG I per 500 appeals, and one support staff per AAG to assist in the appeals process, based on current practices in handling similar appeals.

Oversight assumes the AGO can request additional FTE through the normal appropriation process once AGO knows approximately how many appeals will be filed each year.

Officials from the **Department of Public Safety - Missouri State Highway Patrol and the Missouri Department of Transportation (DOT)** stated beginning April 1, 2007, this legislation prohibits the administering of immunizations containing a specified measurement to knowingly pregnant women and children less than three years of age and requires insurers, health service corporations or HMO's to provide insurance coverage for non-mercury immunizations at the same percentage rate of the usual and customary charges as for immunizations with mercury prior to April 1, 2007. DOT states this legislation will have no fiscal impact on MHTC/MoDOT. The Highway and Patrol Medical Plan is not an insurer, a health service corporation or HMO. However, section 104.801 RSMo. would require the Medical Plan to offer similar coverage.

DOT states currently, the Medical Plan provides coverage for immunizations for children through age five and according to the American Academy of Pediatrics' recommended childhood and adolescent immunization schedule for children over age five. The Medical Plan provides for coverage of these immunizations whether they are with preservatives or without. DOT assumes the only immunization that this legislation is going to affect is the influenza immunization. All other immunizations for children under age seven have the Food and Drug Administration's designation as thimerosal free or trace only.

DOT assumes that most children are currently receiving the influenza vaccine with the preservative thimerosal. With the passage of this legislation no health care provider in the state of Missouri would be allowed to administer the influenza vaccine containing the preservative thimerosal.

There are four different Current Procedural Terminology (CPT) codes for influenza vaccines.

ASSUMPTION (continued)

They are listed below along with allowed amounts for each code.

90655 – Influenza virus vaccine, without preservatives, 6-35 months dosage \$15.75

90656 – Influenza virus vaccine, without preservatives, 3 years and above dosage \$14.76

96057 - Influenza virus vaccine, 6-35 months dosage \$ 5.58

96058 – Influenza virus vaccine, 3 years and above dosage \$10.99

The Highway and Patrol Medical Plan currently has 718 children who are six to thirty-five months old. The Medical Plan will pay 100% for an influenza immunization in-network for children through age five. Coverage of immunizations for children over age five is based on the American Academy of Pediatrics' recommended childhood and adolescent immunization schedule. Their schedule recommends an annual influenza immunization for children up to twenty-four months and only those at risk over the age of twenty-four months. The influenza vaccine only comes in a dosage for children six months and older. For purposes of this fiscal note DOT will assume all children six months through age five will receive an annual influenza immunization, because the DOT plan will cover these 100% when in-network.

There would be no fiscal impact in FY2006 but as a result of the above assumptions, the Highway and Patrol Medical Plan would have a fiscal impact of approximately \$7,302 in FY 2007. This was calculated by multiplying the number of children six months to 35 months of age (718) by the difference in the preservative free and preserved influenza vaccine for their age group ($\$15.75 - \$5.58 = \$10.17$).

The Highway and Patrol Medical Plan consists of approximately 77% MoDOT participation and 23% Patrol participation. As a result, \$5,623 would be due to MoDOT participation and \$1,679 would be due to Patrol participation for FY2007.

Historically, the department and the plan members have shared in any premium increases necessary because of increases in benefits. The costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, the Medical Plan, MHTC, MoDOT, and Patrol must make a decision on how to fund the increase; until then, here are the total costs of the legislation.

Oversight assumes not all children in the Highway and Patrol Medical Plan will not receive influenza vaccines, and the cost would be lower than the DOT estimate. In a similar note from the previous fiscal year (L.R. 3360-12, SCS for HS for HCS for HB 852) DOT assumed that costs could be absorbed. **Oversight** assumes DOT can absorb the costs.

ASSUMPTION (continued)

DHT states Section 191.332 will have a fiscal impact on the DHT Medical Plan because it broadens the newborn screening requirements by changing the language from “including” to “which may include but are not limited to”. DHT states this allows additional newborn screenings to be added without specifically stating them in the statute. The DHT Medical Plan will be required to offer coverage of these newborn screenings. DHT states without knowing what newborn screenings could be required in the future, it is impossible to estimate a fiscal impact but the cost is expected to be greater than \$100,000.

Oversight assumes the number of additional DOH newborn screening requirements will be minimal and can be absorbed by the DHT Medical Plan.

Officials from the **State Treasurer's Offices (STO)** state the Missouri Public Health Services Fund will now be exempt from the biennial transfer. STO states this fund is currently subject to the biennial transfer when the amount remaining in the fund at the end of the biennium exceeds \$500,000. STO states for the biennium that ended June 30, 2003, \$88,382 was transferred to the General Revenue Fund. The loss to GR is unknown. STO state the fund will now retain the interest earned on the fund. Currently, the interest on the fund is credited to General Revenue. In FY 04, the fund earned \$22,990 and in FY05 the fund is projected to earn approximately \$41,000. STO states this is a fiscal impact to General Revenue since it will no longer be receiving the interest from the fund.

Oversight will present the Department of Health and Senior Services Administrative and Cost Allocation Fund and the Department of Health and Senior Services Disaster Fund with unknown income and costs which will net to \$0.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
-----------------------------------------	---------	---------	---------

GENERAL REVENUE

Loss - State Treasurer's Office

Loss of interest	<u>(\$41,000 to unknown)</u>	<u>(\$41,000 to unknown)</u>	<u>(\$41,000 to unknown)</u>
------------------	----------------------------------	----------------------------------	----------------------------------

Costs - Department of Health and Senior Services

Personal Service (1 FTE)	(\$24,370)	(\$30,529)	(\$31,292)
Fringe Benefits	(\$10,396)	(\$13,024)	(\$13,349)
Expense and Equipment	<u>(\$21,031)</u>	<u>(\$17,212)</u>	<u>(\$17,729)</u>
Total Costs - Department of Health and Senior Services	(\$55,797)	(\$60,765)	(\$62,370)
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$96,797 to Unknown)</u>	<u>(\$101,765 to Unknown)</u>	<u>(\$103,370 to Unknown)</u>

INSURANCE DEDICATED FUNDIncome - Department of Insurance

Filing fees	<u>\$0 - \$8,000</u>	<u>\$0</u>	<u>\$0</u>
-------------	----------------------	------------	------------

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 - \$8,000</u>	<u>\$0</u>	<u>\$0</u>
---------------------------------------------------------	-----------------------------	-------------------	-------------------

DEPARTMENT OF HEALTH AND SENIOR SERVICES ADMINISTRATIVE AND COST ALLOCATION FUNDIncome - Department of Health and Senior Services

Appropriations, deposits and transfers	Unknown	Unknown	Unknown
----------------------------------------	---------	---------	---------

Costs - Department of Health and Senior Services

	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
--	------------------	------------------	------------------

ESTIMATED NET EFFECT ON DEPARTMENT OF HEALTH AND SENIOR SERVICES ADMINISTRATIVE AND COST ALLOCATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
-----------------------------------------------------------------------------------------------------------------	-------------------	-------------------	-------------------

**DEPARTMENT OF HEALTH AND
 SENIOR SERVICES DISASTER
 FUND**

Income - Department of Health and Senior
 Services

Appropriations	Unknown	Unknown	Unknown
----------------	---------	---------	---------

Costs - Department of Health and Senior
 Services

(Unknown)	(Unknown)	(Unknown)
-----------	-----------	-----------

**ESTIMATED NET EFFECT ON
 DEPARTMENT OF HEALTH AND
 SENIOR SERVICES DISASTER
 FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
-------------------	-------------------	-------------------

**MISSOURI PUBLIC HEALTH
 SERVICES FUND**

Income - State Treasurer's Office
 Interest

<u>\$41,000 to unknown</u>	<u>\$41,000 to unknown</u>	<u>\$41,000 to unknown</u>
--------------------------------	--------------------------------	--------------------------------

**ESTIMATED NET EFFECT ON
 MISSOURI PUBLIC HEALTH
 SERVICES FUND**

<u>(\$41,000 to UNKNOWN)</u>	<u>(\$41,000 to UNKNOWN)</u>	<u>(\$41,000 to UNKNOWN)</u>
-----------------------------------------	-----------------------------------------	-----------------------------------------

FISCAL IMPACT - Local Government

FY 2006 (10 Mo.)	FY 2007	FY 2008
---------------------	---------	---------

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
-------------------	-------------------	-------------------

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal modifies and creates new provisions with respect to the Department of Health and Senior Services.

MERCURY IMMUNIZATIONS - Under the act, after April 1, 2007, any immunizations administered to knowingly pregnant women or children under three years of age shall not contain more than 1 microgram of mercury per 0.5-milliliter dose.

Beginning April 1, 2007, insurers, health service corporations, or health maintenance organizations who provide coverage for immunizations on a fee schedule or a percentage reimbursement basis shall reimburse at the same rate for immunizations not containing mercury.

The Director of the Department of Health and Senior Services shall exempt the use of a vaccine from compliance with this act if the director finds, and the governor concurs, that an actual or potential public health emergency exists, including an epidemic, outbreak or shortage for which there does not exist a sufficient supply of vaccine that complies with this act that would prevent knowingly pregnant or children less than three years of age from receiving the vaccine. The director shall determine the duration of such exemption.

NEWBORN SCREENING - This act provides that newborn screening requirements are not limited to disorders and conditions specified in current law.

HEPATITIS C INFORMATION - This act requires healthcare employers to make certain information available to their employees on the risk of exposure to hepatitis C, including availability of testing, cost, and protocol for accidental exposure.

The department shall maintain a "Missouri Hepatitis C" Internet website and provide information on the disease and on support groups in Missouri. The website must also contain links providing information on the disease.

DEPARTMENT OF HEALTH AND SENIOR SERVICES FUNDS - This also act creates the Department of Health and Senior Services Administrative and Cost Allocation Fund and the Department of Health and Senior Services Disaster Fund.

The act specifies that the administrative and cost allocation fund will receive funding by appropriations, deposits, and moneys transferred or paid to the department in return for goods and services provided.

The disaster fund will be used during a state of emergency at the direction of the Governor to

DESCRIPTION (continued)

furnish immediate aid and relief.

As to both funds, the State Treasurer will serve as custodian and the department director will serve as administrator. Also, moneys in these funds will not lapse to general revenue at the end of the biennium, and all interest earned will be deposited into the funds.

This act also provides that any interest earned on the Missouri Public Health Services Fund shall accrue to the fund.

MISSOURI SENIOR ADVOCACY AND EFFICIENCY COMMISSION - This act creates the "Missouri Senior Advocacy and Efficiency Commission." The commission is charged with gathering information pertaining to the quality and efficiency of senior services offered by the state, analyze statutes and administrative rules as to the efficiency or lack thereof of certain programs, utilize staff of the General Assembly to assist seniors in making application for federal prescription drug assistance, serve as a resource for state and federal pharmaceutical benefits, and maintain a web-site and toll-free senior advocacy support telephone number.

BIRTH AND DEATH CERTIFICATES - This act also modifies the birth and death certificate provisions. This act provides that a birth certificate shall be filed within five days of birth and certify the place, time, and date of the live birth by a signature or an electronic process approved by the Department of Health and Senior Services. Current law provides that the certificate be filed within seven days of birth. Also, when a medical certification is filed in order to obtain a death certificate, it must be attested to by either a signature or an electronic process approved by the department.

CONTROLLED SUBSTANCES - This act modifies the provision dealing with controlled substances being only dispensed upon prescriptions. Current law provides that the person filling the prescription shall write the date of filling and his own signature on the prescription. This act provides that the person filling the prescription shall either act as noted above or retain the date of filling and the identity of the dispenser as electronic prescription information.

This act also provides that the supply limitations for Schedule II, III, IV or V controlled substances may be increased if the physician describes on the prescription form or indicates via telephone, fax, or electronic communication to the pharmacy or attached to the prescription form, the medical reason for requiring the larger supply.

PERSONAL CARE ASSISTANCE SERVICES - This act provides that, subject to appropriations, the Department of Health and Senior Services may provide financial assistance for

DESCRIPTION (continued)

consumer-directed personal care assistance services through eligible vendors, as provided in sections 660.661 through 660.687, to qualified non-Medicaid eligible individuals and specifies the eligibility and program guidelines.

This act has an emergency clause for the provisions relating to the department's funds.

SOURCES OF INFORMATION

Missouri Department of Conservation
Department of Social Services
Department of Insurance
Missouri Consolidated Health Care Plan
Department of Health and Senior Services
Department of Mental Health
Office of State Courts Administrator
Office of Attorney General
Department of Economic Development
Department of Transportation
Department of Public Safety—
 Missouri State Highway Patrol
State Treasurer's Office
Missouri House of Representatives
Department of Revenue
Office of Administration
Office of Lieutenant Governor



Mickey Wilson, CPA

Director

May 27, 2005