

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0944-01
Bill No.: SB 166
Subject: Health Care; Hospitals; Insurance - Medical; Medicare
Type: Original
Date: February 1, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(Unknown exceeding \$256,071)	(Unknown exceeding \$135,035)	(Unknown exceeding \$139,087)
Total Estimated Net Effect on General Revenue Fund	(Unknown exceeding \$256,071)	(Unknown exceeding \$135,035)	(Unknown exceeding \$139,087)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

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 **Department of Mental Health (DMH)** state the Department of Health and Senior Services is responsible for providing the reports required in the proposal, including information on clients of the DMH. If DMH hospitals are required to submit the employer information for persons requesting uncompensated care, it would be accomplished with existing resources and there would be no fiscal impact for the DMH.

Officials from the **Department of Health and Senior Services (DOH)** assume the data would be electronically submitted to the department from the hospitals and Family Services offices. The DOH would need a Computer Information Tech. Specialist I to develop an information system for hospitals and Family Services to enter required data (name, employer, addresses, subsidiary information and dependents). This would be required to ensure duplicate information is not gathered. In addition, the DOH would need a Research Analyst III to train hospitals and Family Services offices on the information system, ensure compliance with reporting data to DOH, and to prepare the annual report.

The DOH estimates the costs for 2 FTE, fringe benefits, supplies and equipment, and additional office space for FY 06 of \$150,996; FY 07 costs of \$166,510; and FY 08 costs of \$170,800.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for the Computer Information Tech. Specialist I and Research Analyst III to correspond to the second step above minimum for 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.

Oversight assumes additional office space would not be required for the addition of two FTE.

Officials from the **Department of Social Services (DOS) - Information Systems Technology Division (ISTD)** state two contractors will be responsible for developing, testing and implementing the following business needs into the Income Maintenance System:

- Build a mechanism for caseworkers to enter and modify employer, client, and relationship data.
- The new data must be tied to existing medical eligibility tracking within the Income Maintenance system.
- Department of Health and Senior Services (DOH) would track employer information on uncompensated care requests.
- Create and interface for DOH to create the annual batch report.

This work is estimated at 1,800 to 2,000 hours of labor, which is based on past Income Maintenance projects with similar complexity. This labor is a one-time expense. The average contractor rate, for contractors who specialize in the technology used in the Income Maintenance system, is \$75 per hour. Furniture, equipment, and office supplies will be furnished by ISTD. The ISTD estimates the expense to be \$135,000 to \$150,000 (1,800 hours X \$75/hour to 2,000 X \$75/hour).

Existing resources will be used for the following information technology labor:

- Database administration to build and maintain new database record(s).
- Develop an interface for DOH to create the Employer report.
- Maintain the enhancements made to the Income Maintenance System.

The State Data Center costs to ISTD are unknown due to the uncertainty of the number of records to store and process.

With consideration of the assumptions listed above, ISTD estimates that the fiscal impact of this proposal to the General Revenue Fund is unknown exceeding \$100,000.

ASSUMPTION (continued)

Based on discussions with DOS staff, **Oversight** assumes record storage and processing costs at the State Data Center are unknown less than \$100,000 annually.

Officials from the **DOS - Family Services Division (FSD)** state the FSD would be required to provide data to the DOH regarding qualified individuals receiving Medicaid benefits per Chapter 208, RSMo. The proposal has no fiscal impact on the FSD.

Officials from the **DOS - Division of Medical Services (DMS)** state the proposed legislation requires an applicant for health care benefits under public assistance programs and any person requesting uncompensated care in a hospital to identify the employer(s) of the proposed beneficiary or the employer(s) of any adult who is responsible for providing support to the beneficiary. This information would be obtained at the time of application with the FSD.

The DOH shall provide an annual report to the General Assembly listing all employers identified pursuant to the application requirements in the proposed legislation who employ twenty-five (25) or more public health program beneficiaries.

The DMS assumes that the individual names of public health access program beneficiaries included in the report will not be in the public report as provided in Section 208.230.2.

There would be no fiscal impact to the DMS.

Officials from **Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital** did not respond to our request for a statement of fiscal impact.

Oversight assumes the fiscal impact to hospitals to implement this proposal to be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Costs - Department of Health and Senior Services</u>			
Personal service costs (2 FTE)	(\$65,518)	(\$80,981)	(\$83,410)
Fringe benefits	(\$27,950)	(\$34,546)	(\$35,583)
Equipment and supplies	(\$27,603)	(\$19,508)	(\$20,094)
Total <u>Costs</u> - Department of Health and Senior Services	(\$121,071)	(\$135,035)	(\$139,087)
<u>Costs - Department of Social Services</u>			
Income maintenance system updates	(\$135,000 to \$150,000)	\$0	\$0
Record retention costs at State Data Center	(Unknown less than \$100,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
Total <u>Costs</u> - Department of Social Services	(Unknown exceeding \$135,000)	(Unknown less than \$100,000)	(Unknown less than \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Unknown exceeding \$256,071)	(Unknown exceeding \$135,035)	(Unknown exceeding \$139,087)
 <u>FISCAL IMPACT - Local Government</u>			
	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

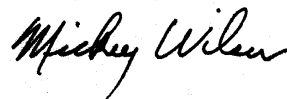
This proposal allows the state to determine which employers are shifting their responsibility to provide health care coverage for their employees to state taxpayers. This is accomplished by requiring hospitals to report employees of private companies which obtain care at emergency rooms or disclose that they do not have health care benefits. In addition, the state must disclose the total cost to the state if providing public health care benefits for the employees.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services

NOT RESPONDING: Barnes-Jewish Hospital, Barton County Memorial Hospital, Bates County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Memorial Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital



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Director
February 1, 2005