

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1054-01
Bill No.: SB 214
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Dept; Social Services Dept; Children and Minors; Optometry
Type: Original
Date: February 8, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	(\$261,518)	(\$273,286)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$261,518)	(\$273,286)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Blindness Education, Screening and Treatment Program	\$0	(\$324,660)	(\$78,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$324,660)	(\$78,000)

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
Federal Funds	\$0	(\$422,010)	(\$441,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	(\$422,010)	(\$441,000)

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 Health and Senior Services** stated they will utilize existing staff to work with the Department of Elementary and Secondary Education on the referral list.

Officials from the **Department of Social Services - Children's Division** state there is no fiscal impact to their division related to this proposed legislation.

Officials from the **Office of Secretary of State (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as 8 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$492 for FY 2006. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions regarding this proposal:

Based on the enrollment information from the 2002-2003 Report of the Public Schools of Missouri and the 2003-2004 Head Start enrollment, DESE assumes enrollment numbers are:

Head Start	21,672
Kindergarten	64,735
1st grade	<u>65,405</u>
TOTAL	151,812

According to personnel at the Division of Medical Services, the number of Medicaid eligible five and six year olds was 63,105 as of November 2004. Therefore, the potential number of children covered under this program decreases to 88,707 (i.e. $151,812 - 63,105 = 88,707$).

In addition, 6.1% of Missourians under age 19 are uninsured. Applying this percentage to the potential number of children yields a significant decrease of 93.9% in potential children covered under this program and brings the total to 5,411. $5,411 \text{ children} \times \$60 \text{ exam} = \$324,660$.

Oversight assumes that after the first year of the program, the number of children requiring exams would decrease to approximately 1,300 children annually at a cost of \$78,000. **Oversight** further assumes the Blindness Education, Screening and Treatment Program Fund has sufficient monies in the fund to cover FY 07 uninsured costs and assuming the current level of annual receipts into the fund continues, the fund would be able to cover the costs for exams for uninsured children in subsequent years.

DESE is to work in conjunction with the Department of Health and Senior Services to compile and maintain a list of sources to which children who may need vision exams or children who have been found to need further exams or correction may be referred for treatment on a free or reduced-cost basis. In addition, DESE must ensure the superintendent of schools, the principle of each elementary school, the school nurse or other person responsible for school health services, and the parent organization for each district elementary school receives an updated copy of the list each year prior to school opening. DESE officials assume these requirements will

ASSUMPTION (continued)

result in administrative costs; however, they do not expect them to be significant.

According to officials from the **Department of Social Services - Division of Medical Services (DOS-DMS)**, Missouri Medicaid already covers vision screening, exam and services provided by an optometrist or ophthalmologist for children. It would be expected that if it is made a requirement prior to attending kindergarten or first grade that there would be an increase in the number of screenings, exams and services (i.e., glasses, etc.).

Currently, there are 267,423 Missouri Medicaid Eligibles between the ages of birth to seven. 103,603 are Fee For Service Medicaid eligibles and 163,820 are MC+ eligibles. The DMS currently provides 5,489 vision screenings, exams and services to Medicaid FFS Eligibles. Therefore, if vision screenings, exams and services were mandatory the Division calculates the increase to be 98,114 (103,603 - 5,489) fee for service Medicaid eligibles between the ages of birth to seven. The Division of Medical Services currently reimburses vision examinations at \$20. The Division estimates that the cost of increased vision exams for these children would be \$1,962,280 (98,114 X \$20) spread out over three years after implementation (July 1, 2006). Therefore, the cost estimate is \$0 for FY06, \$683,527 for FY07, \$714,286 for FY08 and \$746,429 for FY09 considering inflation.

DOS-DMS notes that if optometrist and ophthalmologist were to provide a free service they are not allowed to bill Medicaid for those services. Section 1902(a)(17)(B) of the Social Security Act (Act) prohibits payment for services to a recipient for which the recipient bears no liability to pay. Services provided by an optometrist or ophthalmologist for a reduced cost, would still be covered by Medicaid.

DOS-DMS calculates FY09 costs of \$746,429 and believes that after the three-year implementation of mandatory vision screenings, exams and services there will be an increase of newborns only. DMS estimates the number of newborns to be 38,026 each year. 15,106 are Fee For Service Medicaid eligibles and 22,920 are MC+ eligibles. DOS-DMS currently reimburses vision examinations at \$20. Therefore, the calculated yearly cost, after FY09, for newborns is \$360,278 (15,106 X \$23.85).

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost - Dept of Social Services - Medicaid Eye Exam Reimbursements</u>	<u>\$0</u>	<u>(\$261,518)</u>	<u>(\$273,286)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$261,518)</u>	<u>(\$273,286)</u>
BLINDNESS EDUCATION, SCREENING AND TREATMENT PROGRAM FUND			
<u>Cost - Vision Examinations</u>	<u>\$0</u>	<u>(\$324,660)</u>	<u>(\$78,000)</u>
ESTIMATED NET EFFECT ON BLINDNESS EDUCATION, SCREENING AND TREATMENT PROGRAM FUND	<u>\$0</u>	<u>(\$324,660)</u>	<u>(\$78,000)</u>
<u>FISCAL IMPACT - Federal Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
FEDERAL FUNDS			
<u>Cost - Medicaid Eye Exam Reimbursements</u>	<u>\$0</u>	<u>(\$422,010)</u>	<u>(\$441,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>(\$422,010)</u>	<u>(\$441,000)</u>
<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

There could be increased revenues for small businesses for performing additional vision exams.

DESCRIPTION

Under the provisions of this proposal, beginning July 1, 2006, every child enrolling in kindergarten, first grade, or a Head Start program shall receive at least one comprehensive vision examination performed by a state licensed optometrist or ophthalmologist. The state Board of Education shall promulgate rules regarding the requirements of this act.

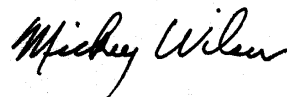
The proposal requires the Department of Elementary and Secondary Education and the Department of Health and Senior Services to compile and maintain a list of sources to which children who may need vision examinations or children who have been found to need further examination or vision correction may be referred for treatment on a free or reduced cost basis.

Further, the proposal alters the statutorily-allowed uses for the "Blindness Education, Screening and Treatment Program Fund" to include vision examinations required by this act for those children for whom public or private health insurance does not cover the cost of the examination

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 Elementary and Secondary Education
Department of Health and Senior Services
Department of Social Services
 Division of Medical Services
 Children's Division
Office of Secretary of State
 Administration Rules Division



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Director
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