

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1054-04
Bill No.: SCS for SB 215
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Dept; Social Services Dept; Children and Minors; Optometry
Type: Original
Date: April 12, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	(\$548,799)	(\$219,412)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$548,799)	(\$219,412)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Blindness Education, Screening and Treatment Program	\$0	(Up to \$99,000)	(Up to \$99,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Up to \$99,000)	(Up to \$99,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

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

***Offsetting Costs and Reimbursements total \$885,595 in FY 07 and \$354,064 in FY 08**

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. If a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

Officials from the **Department of Economic Development - Division of Professional Registration** reviewed the proposed legislation and are of the opinion that this proposal, in its present form, has no fiscal impact on their division.

Officials from the **Office of Secretary of State (SOS)** assumed the rules, regulations and forms issued by the State Board of 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.

ASSUMPTION (continued)

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.

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, DESE assumes enrollment numbers are:

Kindergarten	64,735
1st grade	<u>65,405</u>
TOTAL	130,140

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. $130,140 - 63,105 = 67,035$).

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 $4,089 \times \$60 \text{ exam} = \$245,340$.

Oversight assumes that after the first year of the program, the number of children requiring exams would decrease to approximately 1,895 children annually at a cost of \$113,520.

Oversight further assumes the Blindness Education, Screening and Treatment Program Fund has sufficient monies in the fund to cover FY 07 uninsured costs to the limit set out in the proposal of \$99,000 and assuming the current level of annual receipts into the fund continues, the fund would be able to cover the costs up to \$99,000 for exams for uninsured children in subsequent years. **Oversight** assumes other sources will be available to provide eye exams to groups at no cost which would decrease the amount needed from the Blindness Education, Screening and Treatment Program Fund.

ASSUMPTION (continued)

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 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.

Currently, there are 92,448 Missouri Medicaid eligibles ages five, six and seven. 35,692 are Fee-For-Service (FFS) Medicaid eligibles and 56,756 are MC+ eligibles. There is no expected increase in cost to the Medicaid program for MC+ eligibles because payment is based on a capitated rate instead of utilization. The DMS currently provides 3,774 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 31,918 (35,692 - 3,774) fee for service Medicaid eligibles ages five, six and seven. The Division of Medical Services currently reimburses vision examinations at \$43. The Division estimates that the cost of increased vision exams for these children would be \$1,434,395 (31,918 X \$44.94 (\$43 X 4.5% inflation)).

The Division of Medical Services estimates that there are 32,775 Missouri Medicaid Eligibles who would enter kindergarten or first grade in FY08, who were not previously tested. 12,212 are Fee For Service Medicaid eligibles and 20,563 are MC+ eligibles. The Division estimates that the cost of increased vision exams for these children would be \$573,476 (12,212 X \$46.96 (\$44.94 FY07 rate X 4.5% inflation)).

DOS-DMS notes that if an 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.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost</u> - Dept of Social Services - Medicaid Eye Exam Reimbursements	<u>\$0</u>	<u>(\$548,799)</u>	<u>(\$219,412)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$548,799)</u>	<u>(\$219,412)</u>
BLINDNESS EDUCATION, SCREENING AND TREATMENT PROGRAM FUND			
<u>Cost</u> - Vision Examinations	<u>\$0</u>	<u>(Up to \$99,000)</u>	<u>(Up to \$99,000)</u>
ESTIMATED NET EFFECT ON BLINDNESS EDUCATION, SCREENING AND TREATMENT PROGRAM FUND	<u>\$0</u>	<u>(Up to \$99,000)</u>	<u>(Up to \$99,000)</u>
<u>FISCAL IMPACT - Federal Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services - Eye Exam Reimbursements	\$0	\$885,595	\$354,064
<u>Cost</u> - Medicaid Eye Exam Reimbursements	<u>\$0</u>	<u>(\$885,595)</u>	<u>(\$354,064)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 proposed legislation, beginning July 1, 2006, every child enrolling in kindergarten or first grade shall receive 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. A child may be excused from taking a vision examination based on religious beliefs by submitting a written request to the appropriate school administrator.

Further, the proposal alters the statutorily-allowed uses for the "Blindness Education, Screening and Treatment Program Fund." Under this proposal the fund shall cover additional costs for vision examinations under Section 167.195, that are not covered by existing public health insurance. Subject to appropriations, moneys from the fund shall be used to pay for those additional costs, provided that the costs from the fund not exceed ninety-nine thousand dollars a year.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Social Services
 Division of Medical Services
Office of Secretary of State
 Administrative Rules Division
Department of Economic Development
 Division of Professional Registration



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