

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1821-02
Bill No.: SB 500
Subject: Children and Minors; Education, Elementary and Secondary; Disabilities;
 Medicaid
Type: Original
Date: March 8, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	Less than \$3,000,000	Less than \$3,000,000	Less than \$3,000,000
Total Estimated Net Effect on General Revenue Fund	Less than \$3,000,000	Less than \$3,000,000	Less than \$3,000,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated Fund	\$0 to \$8,000	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0 to \$8,000	\$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 **Office of State Treasurer** state there will be no fiscal impact on their agency as a result of this proposed legislation.

Officials from the **Department of Mental Health (DMH)** state that the only service the Division of Mental Retardation and Developmental Disabilities (MRDD) provides to First Steps children is case coordination. This service is exempt from the family co-pay and is not included in the mandatory insurance coverage. DMH assumes that MRDD will continue to bill Medicaid for Targeted Case Management for eligible children and serve those not medicaid eligible under the Division's Maintenance of Effort agreement with the Department of Elementary and Secondary Education. There is no fiscal impact to the Department of Mental Health.

Officials from the **Department of Insurance** 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.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that since the implementation of this proposal effectively begins January 1, 2006, the estimate of revenue generated is as follows:

FY06 Family Fees	\$150,000
FY06 Insurance Reimbursement	<u>\$500,000</u>
FY06 Total	\$650,000

DESE further assumes FY 07 and subsequent years(if all insurance policies include mandated early intervention language) family fees and insurance would be approximately \$3,000,000 per year (approximately 10-12% of total program costs). **Oversight** assumes that, due to the emergency clause, this legislation could go into effect July 1, 2005 and would therefore be effective for the entire FY 06.

According to officials from the **Department of Social Services - Division of Medical Services**, this legislation will have a fiscal impact on the Division of Medical Services. The amount is unknown but greater than \$100,000.

The proposal states that the Department of Social Services shall pay all claims for reimbursement for Medicaid-eligible children to the First Steps system. Division of Medical Services currently reimburses for physical, occupational and speech therapy, and service coordination. If the program remains the same as it is today, there will be an increased cost to Medicaid because there are services that Missouri Medicaid does not cover that are currently covered by DESE. Examples of these services that are not Medicaid covered is family training, counseling and home visits, sign language and cued language services, social work services, registered dietitians and therapist assistants services. Since most of these services are not "medical" services Missouri Medicaid will be unable to draw a federal match on them.

The proposal also states that for those eligible children having other private insurance, the Department of Social Services shall seek insurance reimbursement as appropriate. Division of Medical Services already cost-avoid these services, but it is unknown how many children have other insurance policies that do not cover these services, but as a result of this legislation would be required to reimburse for such services up to \$3,000 per child per calendar year. A cost savings is expected.

ASSUMPTION (continued)

The **Office of Secretary of State** did not respond to a request for fiscal note; however, **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.

This proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
GENERAL REVENUE			
<u>Savings</u> - Family Fees and Insurance Reimbursements for First Steps Program	\$3,000,000	\$3,000,000	\$3,000,000
<u>Cost</u> -Dept of Social Services/Division of Medical Services - Medicaid Services*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Less than \$3,000,000</u>	<u>Less than \$3,000,000</u>	<u>Less than \$3,000,000</u>

* Expected to exceed \$100,000

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

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

DESCRIPTION

According to this proposed legislation, the Department of Elementary and Secondary Education (DESE) will maintain a statewide birth to age three system of early intervention services through the First Steps program. The statewide system shall include a comprehensive public awareness program to ensure eligible children are identified and evaluated for eligibility.

The structure for the delivery of first steps services will be on a regional basis, with the regions to be determined by DESE.

DESE will promulgate rules providing for family cost participation in the First Steps Program. The family participation will consist of a process to access private and public insurance and a fee for participation set by a sliding scale corresponding with the financial resources of the parents or legal guardians. The sliding scale fee shall contemplate factors such as adjusted gross income and family size, a monthly fee for participation, and a minimum fee of five dollars and a maximum fee of one hundred dollars. No fee will be charged to a family whose income qualifies for Medicaid.

Fees will not be applied to a family that is unable to pay and the early intervention services will be provided to these families. Financial ability will be determined by financial documentation provided by the family. Notice of collection procedures, schedule of fees or payments, and guidelines for "inability to pay" shall be made available to parents for eligible children.

When funds are used to reimburse the service provider in order to prevent a delay of the provision of services to a child, the funds must be recovered from the public or private source that has ultimate responsibility for payment.

Nothing in this proposal will permit any other state agency that provides medically related services to reduce medical assistance to eligible children.

All amounts generated by family cost participation, including fees, co-pays, and insurance reimbursements, will be deposited to the First Steps Fund created in Section 160.920. The First Steps Program may be required to pay insurance deductibles and copayments for approved services to eligible children as an incentive to access the family medical insurance.

This proposal also provides that the Department of Social Services shall recognize the First Steps Program established under this proposed legislation, and shall pay all claims for reimbursement for Medicaid-eligible children to the First Steps System.

The proposal also provides that each health carrier or health benefit plan that offers or issues

DESCRIPTION (continued)

health benefit plans which are issued on or after the effective date of this act shall provide coverage to reimburse the first steps program for early intervention services. Such coverage shall be limited to three thousand dollars per covered child per policy per calendar year, with a maximum of nine thousand dollars over three years. Early intervention services shall be deemed medically necessary. Also, early intervention services required under this proposal shall not be subject to any deductible, coinsurance or co-payment.

This proposal has an emergency clause.

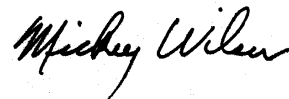
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Mental Health
Department of Social Services
 Division of Medical Services
Department of Insurance
Office of State Treasurer

NOT RESPONDING

**Office of Secretary of State
Administrative Rules Division**



Mickey Wilson, CPA
Director
March 8, 2005