

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4257-01  
Bill No.: Perfected SB 822  
Subject: Health Care; Medicaid; Pharmacy; Taxation and Revenue - General  
Type: Original  
Date: March 28, 2006

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
Nursing Facility Reimbursement Allowance Fund*	\$0	\$0	\$0
Medicaid Managed Care Organization Reimbursement Allowance Fund**	\$0	\$0	\$0
Federal Reimbursement Allowance Fund***	\$0	\$0	\$0
Pharmacy Reimbursement Allowance Fund****	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Revenues and expenditures of approximately \$94,000,000 net to \$0.

\*\*Revenues and expenditures of up to approximately \$50,000,000 net to \$0.

\*\*\*Revenues and expenditures of approximately \$532,000,000 net to \$0.

\*\*\*\*Revenues and expenditures of approximately \$24,000,000 net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Secretary of State**, the **Department of Health and Senior Services**, and the **Department of Mental Health** assume that this proposal would not fiscally impact their agency.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the passage of the proposal would not fiscally impact the DMS. However, if the proposed legislation does not pass, additional funding will be needed to maintain the current level of services.

**198.439**

The proposed legislation allows the DMS to collect \$94,498,726 in nursing facility tax, which will allow DMS to draw in federal funds of \$151,591,706 for the nine months in fiscal year 2007. The FY 07 budget submitted by the DSS assumed that the nursing facility tax would continue through fiscal year 2007. If this proposed legislation does not pass, additional General Revenue funds of \$94,498,726 would be needed to continue the current level of services.

**208.437**

The proposed legislation allows the DMS to collect \$50,573,725 in managed care provider tax,

ASSUMPTION (continued)

which will allow DMS to draw in federal funds of \$81,403,637 in fiscal year 2007. The FY 07 budget submitted by the DSS assumed that the managed care provider tax would continue through fiscal year 2007. If this proposed legislation does not pass, additional General Revenue funds of \$50,573,725 would be needed to continue the current level of services.

**208.480**

The proposed legislation allows the DMS to collect \$532,199,367 in hospital tax, which will allow DMS to draw in federal funds of \$853,736,485 for the nine months in fiscal year 2007. The FY 07 budget submitted by the DSS assumed that the hospital tax would continue through fiscal year 2007. If this proposed legislation does not pass, additional General Revenue funds of \$532,199,367 would be needed to continue the current level of services.

**338.550**

The proposed legislation allows the DMS to collect \$24,100,000 in pharmacy tax, which will allow DMS to draw in federal funds of \$38,791,441 in fiscal year 2007. The FY 07 budget submitted by the DSS assumed that the pharmacy tax would continue through fiscal year 2007. If this proposed legislation does not pass, additional General Revenue funds of \$24,100,000 would be needed to continue the current level of services.

The proposed legislation only grants a one-year extension for the NFFRA, the Managed Care Organization Reimbursement Allowance, the Hospital FRA, and the Pharmacy Tax programs.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>NURSING FACILITY REIMBURSEMENT ALLOWANCE FUND (Section 198.439)</b>			
<u>Income - Department of Social Services</u>			
Assessment on Nursing Facilities	\$94,498,726	\$31,499,576	\$0
<u>Costs - Department of Social Services</u>			
Medicaid Program Costs	<u>(\$94,498,726)</u>	<u>(\$31,499,576)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON NURSING FACILITY REIMBURSEMENT ALLOWANCE FUND</b>			
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>MEDICAID MANAGED CARE ORGANIZATION REIMBURSEMENT ALLOWANCE FUND (Section 208.437)</b>			
<u>Income - Department of Social Services</u>			
Assessment on Medicaid managed care organizations	\$50,573,725	\$16,857,908	\$0
<u>Costs - Department of Social Services</u>			
Medicaid Program Costs	<u>(\$50,573,725)</u>	<u>(\$16,857,908)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON PHARMACY REIMBURSEMENT FUND</b>			
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**FEDERAL REIMBURSEMENT  
 ALLOWANCE FUND** (Section  
 208.480)

Income - Department of Social Services

Assessment on Hospitals	\$532,199,367	\$177,399,789	\$0
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Costs - Department of Social Services

Medicaid Program Costs	<u>(\$532,199,367)</u>	<u>(\$177,399,789)</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON  
 FEDERAL REIMBURSEMENT  
 ALLOWANCE FUND**

<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**PHARMACY REIMBURSEMENT  
 ALLOWANCE FUND** (Section  
 338.550)

Income - Department of Social Services

Assessment on Pharmacies	\$24,100,000	\$8,033,333	\$0
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Costs - Department of Social Services

Medicaid Program Costs	<u>(\$24,100,000)</u>	<u>(\$8,033,333)</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON  
 PHARMACY REIMBURSEMENT  
 FUND**

<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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**FEDERAL**

Income - Department of Social Services

Assessment on Nursing Facilities	\$151,591,706	\$50,530,569	\$0
Assessment on Medicaid managed care organizations	\$81,403,637	\$27,134,546	
Assessment on Hospitals	\$853,736,485	\$284,578,829	\$0
Assessment on Pharmacies	<u>\$38,791,441</u>	<u>\$12,930,481</u>	<u>\$0</u>
	\$1,125,523,269	\$375,174,425	\$0

Costs - Department of Social Services

Medicaid program expenditures	<u>(\$1,125,523,269)</u>	<u>(\$375,174,425)</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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 extends the sunsets for the Medicaid Managed Care Organization reimbursement allowance and the Pharmacy Tax from June 30, 2006, to June 30, 2007. The sunset of the Federal Reimbursement Allowance assessment and Nursing Facility Reimbursement Allowance are extended from September 30, 2006 to September 30, 2007.

This proposal contains 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.

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SOURCES OF INFORMATION

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



Mickey Wilson, CPA  
Director  
March 28, 2006