

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5384-03  
Bill No.: SCS for SB 1251  
Subject: Health Care; Health Department; Health, Public  
Type: Original  
Date: April 24, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$268,160 to (\$1,058,297)	\$331,446 to (\$1,308,055)	\$341,389 to (\$1,347,298)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$268,160 to (\$1,058,297)</b>	<b>\$331,446 to (\$1,308,055)</b>	<b>\$341,389 to (\$1,347,298)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 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 **Missouri Department of Conservation**, the **Department of Social Services**, and the **Department of Insurance** assume this proposal would not fiscally impact their agencies.

Officials from the **Missouri Department of Transportation (DOT)** state this proposal would not have a fiscal impact on DOT/Missouri Highway Transportation Commission or on the DOT/Missouri State Highway Patrol medical plan.

DOT states, historically, DOT and the plan members have shared in any premium increases necessary because of increases in benefits. DOT states the costs may be shared in the long run (meaning shared between three categories: absorbed by the plan, state appropriated funds, and/or costs to individuals covered under the plan). However, DOT (commission) must make a decision on what portion they will provide. Until the commission makes a decision, DOT can only provide the cost to the medical plan.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the HCP HMO and Copay plans cover formula and low protein modified food products recommended by the physicians for treatment of Phenylketonuria (PKU) or any inherited disease of amino and organic acids with no age limitations. Therefore, this proposal does not fiscally impact HCP.

ASSUMPTION (continued)

Officials from the **Department of Health and Services (DOH)** state this proposal considers children 6 through 17 years of age that had disorders that would be treated with metabolic formula, minus the children on Medicaid. DOH states the savings from the adults that would be dropped from the program was deducted from the total estimated cost of the proposal. The amount paid for children currently enrolled in the program was also deducted, as their costs would be included in the total cost of target group identified below.

The following is an estimation of those individuals ages 6 through 17 years in Missouri who may have one of the disorders covered through the DOH Metabolic Formula Program and who are not covered by Medicaid.

Projected 2004 population - age 6 through 17 years =	939,692
Individuals age 6 through 17 years of age enrolled in any Medicaid program =	<u>-324,260</u>
Resulting population target group ages 6 through 17 years =	615,432

DOS states the following table was used in the calculation of total population:

ASSUMPTION (continued)

<b>Metabolic Diseases Covered by Expanded Newborn Screening</b>	<b>Incidence</b>	<b>Projected Population Size</b>	<b>Expected Number In This Population Base</b>
PKU	1/15,000	615,432	41.0
MSUD	1/185,000 world wide 1/200 Mennonite population	615,432	3.3
Homocystinuria	1/200,000	615,432	3.1
Citrullinemia	1/57,000	615,432	10.8
Argininosuccinic acidemia	1/250,000	615,432	2.5
Glutaric acidemia	1/40,000	615,432	15.4
Propionic acidemia	1/100,000	615,432	6.2
Methylmalonic acidemia	1/50,000	615,432	12.3
Isovaleric acidemia	1/230,000	615,432	2.7
3-hydroxy-3-methylglutaryl CoA lyase deficiency - HMG	unknown, rare	615,432	0.0
3-methylcrotonyl CoA carboxylase deficiency - 3MCC	unknown, rare	615,432	0.0
			<b>Total = 97.3 (97)</b>

DO

H states the Mennonite population was not included in the calculation for maple syrup urine disease as their numbers, based on religion, cannot be determined through Census data.

Other DOH Assumptions:

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ASSUMPTION (continued)

1. Ages zero through five would not be covered due to mandated insurance coverage or Medicaid coverage. Some of these children may be eligible under this bill if they are not covered by insurance or Medicaid, but the number would be minimal.
2. According to information in the 2000 Missouri Census data, approximately 90% of the Missouri households fall under \$100,000 household income level, which would make a family of 3 eligible for the Metabolic Formula Program with the following federal poverty guidelines. (500% of Federal Poverty Level = \$83,000 or less)  
  
An estimated 87 children (up to the 500% Federal Poverty Level) would therefore be eligible for complete coverage under this bill. If all families seek services, the estimated cost to the department in FY2007 would be: \$1,658,916 (See note 2: \$19,068 times 87).
3. It is unlikely, but unknown, if all of these individuals will seek services from DOH based on medical needs or program eligibility.
4. The total cost of all eligible children from age 6 through 17 years of age could be between \$0 and \$1,658,916.
5. Since adults age 18 and over would not be eligible under this bill, the projected savings for adults presently covered under the program would need to be subtracted from the cost of the bill. There are currently 16 served adults with an average monthly invoice of \$1,676. Projected savings would be 16 times \$1,676 times 12 months = \$321,792.
6. The last three years' expenditures for the metabolic formula program average \$67,167. This amount was deducted from the total cost of the proposed program estimated above to illustrate the marginal cost of this legislation.
7. The total estimated cost of the bill could therefore be between \$0 and \$1,269,957 (\$1,658,916 age 6 through 17 cost - \$321,792 adult savings - \$67,167 average expenditure = \$1,269,957).

Notes:

1. The average monthly invoice for metabolic formula claims for children for FY2006 is \$1,589.

2. If the child on a metabolic formula diet was compliant in taking the formula and DOH

ASSUMPTION (continued)

was the only payor for this service, DOH could expect to pay an estimated \$19,068 per year for each participant enrolled in the Metabolic Formula Distribution Program.

DOH states the sources of information:

1. The Department of Social Services provided the Medicaid enrollment numbers as of June 30, 2004.
2. The DOH, Bureau of Health Informatics, provided the estimated 2004 population age 6 through 17 years of age as of July 1, 2004.
3. The incidence rate for phenylketonuria is from the Missouri State Public Health Laboratory. The remaining disorders' incidence rates are from the Wisconsin State Public Health Laboratory.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**GENERAL REVENUE**

Savings - Department of Health and Senior Services

Program savings	\$268,160	\$331,446	\$341,389
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Costs - Department of Health and Senior Services

Program costs	(\$0 to <u>\$1,326,457</u> )	(\$0 to <u>\$1,639,501</u> )	(\$0 to <u>\$1,688,687</u> )
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$268,160 to</u> <b><u>(\$1,058,297)</u></b></b>	<b><u>\$331,446 to</u> <b><u>(\$1,308,055)</u></b></b>	<b><u>\$341,389 to</u> <b><u>(\$1,347,298)</u></b></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

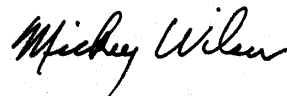
DESCRIPTION

This proposal modifies the provisions relating to the Metabolic Formula Distribution Program. Under current law, formula for the treatment of inherited diseases of amino acids and organic acids are provided to persons meeting certain criteria and an income-based means test determined by the Department of Health and Senior Services. This proposal would modify those provisions to provide assistance to applicants between the ages of six to eighteen whose family income is below 500% of the federal poverty level.

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

Missouri Department of Conservation  
Department of Social Services  
Department of Insurance  
Missouri Department of Transportation  
Missouri Consolidated Health Care Plan  
Department of Health and Senior Services



Mickey Wilson, CPA  
Director  
April 13, 2006