

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0236-01  
Bill No.: SB 16  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
 Department; Social Services Dept; Children & Minors; Optometry; Health Dept  
Type: Original  
Date: February 5, 2007

Bill Summary: Each child enrolled in kindergarten or first grade is to receive comprehensive vision examinations

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0	(Unknown - Greater than \$497,273)	(Unknown - Greater than \$186,005)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(Unknown - Greater than \$497,273)</b>	<b>(Unknown - Greater than \$186,005)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Blindness Education, Screening, and Treatment Program	\$0	(Up to \$99,000)	(Up to \$99,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>(Up to \$99,000)</b>	<b>(Up to \$99,000)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Federal Funds	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\* Offsetting Costs and Reimbursements are Unknown to Greater than \$825,965 in FY 2009 and Unknown to Greater than \$308,952 in FY 2010**

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Department of Insurance, Finance, and Professional Regulation** and the **Office of State Treasurer** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact to the SOS office for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Based on the enrollment information from the 2004-2005 *Report of the Public Schools of Missouri*, officials from the **Department of Elementary and Secondary Education (DES)** assume enrollment numbers are:

Kindergarten	66,398
1st grade	<u>67,069</u>
TOTAL	133,467

According to personnel at the Division of Medical Services, the number of Medicaid eligible five and six year olds was 58,766 as of August 2006. Therefore, the potential number of children covered under this program decreases to 74,701 (i.e.  $133,467 - 58,766 = 74,701$ ).

In addition, 8% of Missourians under age 18 were uninsured during the years 2004 through 2005 (source: Kaiser [statehealthfacts.org](http://statehealthfacts.org)). Applying this percentage to the potential number of children yields a significant decrease in potential children covered under this program and brings the total to 5,976.

$5,976 \text{ children} \times \$60 \text{ exam} = \$358,560.$

This estimate is based on the percentage of children covered by public and private insurance. It should be noted that insurance plans may or may not cover a vision exam for a child who has no signs of vision problems. Also, some policies will not cover vision services. Typically what is

ASSUMPTION (continued)

covered in "well child" exams is a vision screen or limited vision exam, not the comprehensive vision examination required by this proposal. Therefore, the actual cost of this proposal may significantly exceed these estimates. (§ 167.195)

DES 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, DES 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. DES assumes these requirements will result in administrative costs; however, do not expect them to be significant. (§ 167.195)

DES assumes this proposal will result in unknown administrative costs to local school districts for tracking the examinations, corresponding with doctors and parents, and retaining necessary records. DES cannot determine the fiscal impact, but assume it will be significant. (§ 167.195)

**Oversight** assumes school districts would be able to do the required tracking with existing resources.

Officials from the **Department of Health and Senior Services (DOHSS)** provided the following assumptions regarding this proposed legislation:

According to Missouri Census Data from the OSEDA web site, Missouri has 216,675 children five to seven years of age. The number of uninsured children is unknown. Since concrete data requests is not available, for the purpose of this fiscal note, the DOHSS assumes that 2% to 5% of all children in this age range (five, six and seven) will need assistance provided in the proposed legislation through the Blindness Education, Screening, and Treatment Fund. The Department also assumes that Medicaid, private insurance, fee-for-service, and other free programs will cover all other children. This means the need to process 4,334 to 10,834 claims (2% to 5%). The Department of Social Services calculates that approximately 14% of children five to seven years of age are Medicaid fee-for-services eligible and required to receive a comprehensive eye examination. Utilizing the DOHSS estimates for uninsured children ages five to seven, the minimum and maximum number of potential claims funded through the Blindness Education, Screening, and Treatment Fund falls outside the parameters of the proposed legislation (\$99,000/year cap): 4,334 claims (2%) x \$42.85/eye exam x 4.5% inflation rate = \$193,141 to 10,834 (5%) claims x \$42.85/eye exam x 4.5% = \$485,128. The \$42.85/eye exam is the October 2005 average Medicaid cost for a comprehensive eye exam for a child. It is

ASSUMPTION (continued)

unclear how this potentially large number of claims will be covered given the \$99,000 cap on claims included in the legislation. (§ 167.195)

DOHSS assumes that the cost of estimating Medicaid and MC+ claims for comprehensive vision exams will be provided by the Department of Social Services.

Assuming the Department of Social Services and DOHSS will be working together to process claims, monitoring compliance of professional offices to ensuring that proper equipment is maintained and that it is in working order, and that DOHSS will be assisting the Department of Elementary and Secondary Education in compiling and maintaining a referral list, the following FTE will be necessary:

Health Program Representative II - 100% FTE - assist with the compilation and maintenance of a referral list; assist in the determination of eligibility requirements, and to assist with the compliance of equipment requirements in optometrists, ophthalmologist, physician, and doctor of osteopathy conducting offices comprehensive vision examinations if necessary.

Planner II - 0% FTE - utilize existing position to work with Department of Elementary and Secondary Education to create promulgate rules establishing enrollment criteria, policies and procedures, determine eligibility requirements, assist Department of social Services establish provider agreements (contracts) for each participating eye care provider statewide, oversee Department responsibility and fund, and to supervise the Health Program Representative.

Standard expense and equipment is used. Additional funds are needed for other program expenses that may range from paper copies and manual processing. Mailing of forms and eligibility requirements will also be incurred.

5,000 forms printed and mailed at \$.10 printing (\$500) and \$.39 mailing cost per form (\$1,950) for a total cost of \$2,450.

**Oversight** assumes the proposed legislation does not require additional duties of DOHSS other than assisting DESE with the compilation of a list of sources for treatment on a free or reduced cost basis. If other duties result from this proposal, resources could be requested through the appropriation process. (§ 167.195)

Declining contributions to the Blindness Education, Screening and Treatment Fund and

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ASSUMPTION (continued)

expenditures, if authorized, up to \$99,000 per year, may deplete the fund completely within a few years. Income for the past three years has been: FY04 - \$89,998, FY05 - \$89,659, and FY06 - \$65,746 (38% decline in donations since FY03). The Blindness Education, Screening and Treatment Fund may not be able to sustain the proposed legislation for the entire possible term as outlined by the sunset clauses. (§192.935)

**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.

The proposed legislation states "subject to appropriation". The cost to the Department of Health and Senior Services is dependent on how the funds will be appropriated. If it is determined that the fund will not be used for vision examinations of kindergarten or first grade students, there will be no impact to the Department.

According to officials from the **Department of Social Services - Division of Medical Services (DOS-DMS)**, as of August 2006, there were 86,030 Missouri Medicaid eligibles ages five, six, and seven. Of this total, 34,978 were Fee-For-Service (FFS) Medicaid eligibles and 51,052 were MC+ Medicaid eligibles. For the FFS Medicaid eligibles, Missouri Medicaid currently reimburses for 5,057 eye examinations at an average cost of \$42.32. If a comprehensive vision examination is mandated, there would be 29,921 (34,978-5,057) FFS Medicaid eligibles required to receive an exam. For state fiscal year (SFY) 2009, the DMS estimates the fiscal impact for the FFS Medicaid eligibles to be \$1,323,238 (29,921 X \$42.32 X 4.5%). The increase of 4.5% is for inflation.

As of August 2006, there were 30,283 Missouri Medicaid eligibles at the age of four. Of this total, 12,366 were Fee-For-Service (FFS) Medicaid eligibles and 17,917 were MC+ Medicaid eligibles. For the FFS Medicaid eligibles, Missouri Medicaid currently reimburses for 1,656 eye examinations. If a comprehensive vision examination is mandated, there would be 10,710 (12,366-1,656) FFS Medicaid eligibles required to receive an exam. For SFY 2010, the DMS estimates the fiscal impact for the FFS Medicaid eligibles to be \$494,957 ((10,710 X \$42.32 X 4.5%) X 4.5%). The inflation increase of 4.5% is applied to year one and year two costs.

For the MC+ Medicaid eligibles, the DOS-DMS contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The managed care health plans are reimbursed by a monthly capitated rate. DOS-DMS is unable to determine the number of MC+ Medicaid eligibles who have received an eye exam. However, the increased utilization of a currently covered benefit would result in additional costs to the managed care

ASSUMPTION (continued)

health plans. Therefore, the fiscal impact to the DOS-DMS, for the increase in the managed care capitated rates due to the increased utilization and for the cost of the actuarial consultant for DMS to re-negotiate the current contracts with the managed care health plans, would be unknown greater than \$100,000 for the MC+ Medicaid eligibles. (§ 167.195)

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

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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**GENERAL REVENUE**

<u>Cost - Dept of Social Services - Medicaid Eye Exam Reimbursements (§ 167.195)</u>		(Unknown - Greater than \$497,273)	(Unknown - Greater than \$186,005)
	<u>\$0</u>		

**ESTIMATED NET EFFECT ON  
GENERAL REVENUE**

	<u>(Unknown - Greater than \$497,273)</u>	<u>(Unknown - Greater than \$186,005)</u>
<u>\$0</u>		

**BLINDNESS EDUCATION,  
SCREENING AND TREATMENT  
PROGRAM FUND**

<u>Cost - Vision Examinations (§ 192.935)</u>	<u>\$0</u>	<u>(Up to \$99,000)</u>	<u>(Up to \$99,000)</u>
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**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>
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<u>FISCAL IMPACT - Federal Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>FEDERAL FUNDS</b>			
<u>Income</u> - Department of Social Services - Eye Exam Reimbursements (§ 167.195)	\$0	Unknown - Greater than \$825,965	Unknown - Greater than \$308,952
<u>Cost</u> - Medicaid Eye Exam Reimbursements (§ 167.195)	<u>\$0</u>	(Unknown - Greater than <u>\$825,965</u> )	(Unknown - Greater than <u>\$308,952</u> )
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

There is a potential increase in revenue for eye care specialists and vision services businesses.

FISCAL DESCRIPTION

§ 167.195

Beginning July 1, 2008, every child enrolling in kindergarten or first grade shall receive one comprehensive vision examination performed by a state licensed optometrist, ophthalmologist, physician or doctor of osteopathy.

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



DESCRIPTION (continued)

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.

§ 192.935

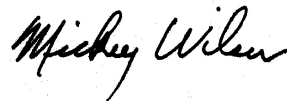
The proposed legislation alters the statutorily-allowed uses for the "Blindness Education, Screening and Treatment Program Fund". The fund shall cover additional costs for vision examinations under this proposal that are not covered by existing public health insurance. Subject to appropriations, moneys 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. Payment from the fund for vision examinations under this act shall not exceed the allowable state medicaid reimbursement amount for vision examinations.

This act shall automatically sunset on June 12, 2012.

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 Insurance, Finance, and Professional Regulation  
Department of Health and Senior Services  
Department of Social Services  
Office of State Treasurer  
Office of Secretary of State  
Administrative Rules Division



Mickey Wilson, CPA  
Director

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