

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0236-03
Bill No.: Perfected SCS for SB 16
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Department; Social Services Dept; Children & Minors; Optometry; Health Dept
Type: Original
Date: March 7, 2007

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$2,714)	(Unknown - Greater than \$599,987)	(Unknown - Greater than \$288,719)
Total Estimated Net Effect on General Revenue Fund	(\$2,714)	(Unknown - Greater than \$599,987)	(Unknown - Greater than \$288,719)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 11 pages.

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

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

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

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).

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

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). 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.

DOHSS assumes the total training cost estimate for school nurses and other designated staff is \$7,300 for year one with declining costs each subsequent year. Currently, 1,091 school nurses work in Missouri's elementary schools. Training will occur in eight regional settings. Costs are for room rental, printing of handouts, light beverages, and expenses for two training staff. This estimate does not include mileage because DHSS assumes a state car will be available for each regional training session. (§167.195.3 (2) (c))

Oversight assumes training costs will be minimal; the proposal outlines that training programs may utilize the volunteer services of nonprofit professional organizations that are qualified to carry out the responsibilities associated with providing the training.

DOHSS assumes the commission will meet four times per year and will require travel and one meal per meeting. The assumption is being made that five of the seven commission members will travel from out-state regions (KC, St. Louis, Springfield, St. Joseph, or Bootheel areas) to Columbia or Jefferson City, Missouri. Mileage is calculated at 300 miles round trip x 5 commission members x \$.415/mile x 4 meetings per year = \$2,490. Since the Department is to provide staff support to the commission, meal cost for one staff person is included in the estimate for each meeting. Meal costs for each meeting: 8 participants x 4 meetings x 1 meal/meeting x \$7.00/meal = \$224. (§167.195.3 (1))

DOHSS assumes their agency will be working with or required to lead activities outlined in the proposal, the following FTE and expenses will be necessary:

Health Program Representative II - 100% FTE - General Revenue Funding - Assist with the compilation and maintenance of a referral list. Assist in the determination of eligibility requirements. Record finding/results from vision examinations conducted statewide in medical offices as well as vision screenings conducted in all public school districts. Record exemptions and evidence of previous screenings submitted to public school districts. Record eye examination data collected from medical offices and eye screening data collected from Missouri public school systems. Track data results of eye screening versus eye examinations. Assist the commission.

ASSUMPTION (continued)

Planner II - 20% FTE - utilize 20% of an existing position to work with the Department of Elementary and Secondary Education to create and promulgate rules to establish enrollment criteria, policies and procedures and to determine eligibility requirements. Assist the Department of Social Services to establish provider agreements (contracts) for each participating eye care provider statewide to assure payment of exam services. Oversee the Department responsibility set forth in the proposed legislation and management of the fund. Oversee the pilot project. Work with the children's vision commission to develop standardized reporting forms. Develop and provide mechanism for public review and inspection of collected data. Provide staff support to the children's vision commission. Produce and publish a final report of data. Supervise the Health Program Representative.

Make 135,000 copies of a one-page form on two-part paper for medical establishments to record eye examination data to be reported to DHSS: $135,000 \times \$0.055/\text{set} = \$7,425$. The number of copies represents the total number of students reported by the Department of Elementary and Secondary Education as enrolled in Kindergarten and first grade for the 2006-07 school year.

Make 135,000 copies of a one-page form on two-part paper for school districts to record eye screening data to be reported to DHSS: $135,000 \times \$0.055/\text{set} = \$7,425$. The number of copies represents the total number of students reported by the Department of Elementary and Secondary Education as enrolled in Kindergarten and first grade for the 2006-07 school year.

DOHSS assumes the Department of Secondary and Elementary Education will disseminate screening forms and other printed materials as outlined in 167.194.3. This includes forms to optometrists and physicians.

The proposal requires schools to conduct an eye screening for each student once before the completion of first grade and again before the completion of third grade. The results of these screening are to be recorded on a form developed by DHSS and sent electronically to the department. DOHSS will be responsible for compiling the data into reports and analysis required by the children's vision commission and other interested parties. This new provision will require ITSD/DOHSS to work together to develop a system of creating the form, and developing a means for submitting the information electronically to the department. DOHSS is assuming that the results of both the visions exams required in the initial bill and the eye screening required in the SCS will be input into a database designed by ITSD for this program. Approximately 25 data elements will have to be developed. The security portion of the application will use a generic user ID and password provided to each health care professional office and school district by program staff. The system will be a data collection system only and will not have lookup or reporting capability for school districts or health care professional offices. Additionally, program

ASSUMPTION (continued)

staff will manage the data analysis function. Lastly, the application and data will reside on DOHSS servers managed by ITSD staff and will require yearly maintenance after development. Consultant costs for application development in year one is \$145,000. ITSD personnel services costs for year one (direct salaries and fringe benefits) is \$102,801 and \$70,591 for year two. The cost for hardware in year one is \$24,720 and \$2,122 for year two. Software application cost for year one is \$12,360 and \$1,061 for year two.

A contractor will analyze data on an annual basis through 2013 (data collection takes place through 2012 and analysis is conducted after all data is keyed), unless extended by act of the general assembly. A vendor will assist DOHSS compile the final data report for the commission. Since all costs can't be determined until data elements are determined by the children's vision commission, annual costs for analysis is estimated at \$10,000.

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 and providing support for the Children's Vision Commission. If other duties result from this proposal, resources could be requested through the appropriation process.
(§ 167.195.6)

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

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

ASSUMPTION (continued)

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 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.

Officials from DOHSS state the Department of Social Services, Rehabilitation Services for the Blind has a Prevention of Blindness Program that provides free eye screenings, including screenings for glaucoma. Children are eligible for some of their programs.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Cost - Dept of Social Services - Medicaid Eye Exam Reimbursements (§167.195)</u>	<u>\$0</u>	(Unknown - Greater than \$497,273)	(Unknown - Greater than \$186,005)
<u>Cost - DOS - Managed Care negotiation expenses (§167.195)</u>	\$0	(Unknown - Greater than \$100,000)	(Unknown - Greater than <u>\$100,000</u>)
<u>Cost - DOHSS - Children's Vision Commission - Expenses (§167.195)</u>	(\$2,714)	(\$2,714)	(\$2,714)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$2,714)</u>	<u>(Unknown - Greater than \$599,987)</u>	<u>(Unknown - Greater than \$288,719)</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>
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 2008 (10 Mo.)	FY 2009	FY 2010
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services - Eye Exam Reimbursements (<i>§167.195</i>)	\$0	Unknown - Greater than \$825,965	Unknown - Greater than \$308,952
<u>Cost</u> - Medicaid Eye Exam Reimbursements (<i>§167.195</i>)	<u>\$0</u>	(Unknown - Greater than <u>\$825,965</u>)	(Unknown - Greater than <u>\$308,952</u>)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§ 167.194

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

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.

DESCRIPTION (continued)

§ 192.935

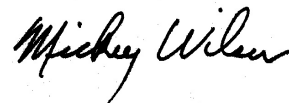
The proposed legislation alters the statutorily-allowed uses for the "Blindness Education, Screening and Treatment Program Fund". The fund shall cover additional costs for vision examinations under this proposal that are not covered by existing public health insurance. Subject availability of funds, 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 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



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