

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4527-02
Bill No.: SB 972
Subject: Medicaid, Social Services Department; Health Care; Health Care Professionals; Disabilities
Type: Original
Date: February 25, 2008

Bill Summary: This legislation adds comprehensive day rehabilitation services under MO HealthNet.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown Greater than \$229,490)	(Unknown Greater than \$241,620)	(Unknown Greater than \$252,493)
Total Estimated Net Effect on General Revenue Fund	(Unknown Greater than \$229,490)	(Unknown Greater than \$241,620)	(Unknown Greater than \$252,493)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of Unknown Greater than \$393,954 in FY09, Unknown Greater than \$414,779 in FY10 & Unknown Greater than \$433,444 in FY11 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** assume individuals with head injuries are not in the target population of those served by the DMH. Comprehensive day rehabilitation services are provided through the Department of Health and Senior Services. Therefore, the DMH assumes the fiscal impact of this proposal would be minimal.

Officials from the **Department of Social Services (DSS)** assume the proposal expands the Comprehensive Day Rehabilitation program to all eligible adults. The services must be based on an individualized, goal-oriented, comprehensive and coordinated treatment plan. The MO HealthNet Division (MHD) shall establish the definition and criteria for designation of a comprehensive day rehabilitation service facility, the benefit limitations and the payment mechanism utilizing the expertise of brain injury rehabilitation service providers and the Missouri Head Injury Advisory Council. The services must be provided in a community based facility and be authorized on tier levels based on the services the patient requires and the frequency of the services as guided by a qualified rehabilitation professional associated with a health care home.

In FY07 there were no claims filed for this program. In FY05 there were 89 adults in a category of assistance other than a category for blind individuals, pregnant women or nursing home care who received services through the Comprehensive Day Rehabilitation program. The fee for service cost for their services in FY05 was \$526,728. It is assumed that about the same number of individuals would use the program if it were expanded. Therefore, the FY05 cost is used as the base for estimating future costs. A 4.5% inflation factor was applied to FY06 through FY11 to project the cost.

In addition, the MHD contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The MHD assumes this legislation will apply to the managed care health plans. Therefore, there would be an unknown fiscal impact to the MHD for the increase in managed care capitation rates due to the additional services, the cost of the actuarial consultant for MHD to renegotiate the current contracts with the managed care health plans, and notification to be prepared and sent to all MO HealthNet Managed Care enrollees.

ASSUMPTION (continued)

The MHD assumes that the Medicaid State Plan would be approved and therefore the services would be eligible for matching federal financial participation.

Therefore, the estimated fiscal impact to MHD for Managed Care participants is unknown but greater than \$100,000.

The cost for expanding this program includes the fee for service program costs, the managed care actuary cost and an unknown cost for an increase in capitation rates. In FY09, Unknown > \$623,444 (\$229,490 GR); FY10 Unknown > \$656,399 (\$241,620 GR); and FY11 Unknown > \$685,937 (\$252,493 GR).

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the actual FMAP each year. The FMAP is calculated using economic indicators from state and the nation as a whole. Missouri's FMAP for FY09 is a 63.19% federal match. The state matching requirement is 36.81%.

Officials from the **Office of the Secretary of State** have not responded to Oversight's request for fiscal information.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Comprehensive Day Rehabilitation Services Costs	<u>(Unknown Greater than \$229,490)</u>	<u>(Unknown Greater than \$241,620)</u>	<u>(Unknown Greater than \$252,493)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown Greater than \$229,490)</u>	<u>(Unknown Greater than \$241,620)</u>	<u>(Unknown Greater than \$252,493)</u>

FEDERAL FUNDS

Income - Department of Social Services
 Federal Assistance

Unknown Greater than \$393,954	Unknown Greater than \$414,779	Unknown Greater than \$433,444
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Costs - Department of Social Services
 Comprehensive Day Rehabilitation
 Services Costs

<u>(Unknown Greater than \$393,954)</u>	<u>(Unknown Greater than \$414,779)</u>	<u>(Unknown Greater than \$433,444)</u>
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**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2009 (10 Mo.)	FY 2010	FY 2011
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation adds as a covered service under the MO HealthNet program comprehensive day rehabilitation services.

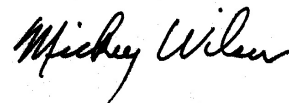
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

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

Not Responding: Office of the Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 25, 2008