

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5009-01
Bill No.: SB 1101
Subject: Insurance - Medical; Health Dept.; Health Care
Type: Original
Date: March 11, 2008

Bill Summary: Establishes the Missouri Universal Health Assurance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$85,068)	(\$61,778)	(Unknown exceeding \$47,723)
Total Estimated Net Effect on General Revenue Fund	(\$85,068)	(\$61,778)	(Unknown exceeding \$47,723)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS
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FUND AFFECTED	FY 2009	FY 2010	FY 2011
Insurance Dedicated	\$0	\$0	Unknown
Conservation	\$0	\$0	\$2,050,000
County Foreign/County Stock	\$0	\$0	\$0*
MoDOT	\$0	\$0	(\$12,830,750)
Professional and Practical Nursing Student Loan Program	\$0	\$0	\$0**
Primary Care Resource Initiative for Missouri	\$0	\$0	\$0**
Missouri Health Care Trust	(\$38,733)	(\$39,895)	(Unknown more than \$9,988,732,943)
Health Professional Education and Training	\$0	\$0	\$881,750
All Other State	\$0	\$0	\$0**
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	(Unknown more than \$9,987,851,143)

* Reductions in premium taxes collected and transferred to schools nets to \$0.

** Savings and transfers-out net to \$0.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 22 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

Savings, transfers-out, and increases in reimbursements and costs net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1	1	0.75
Missouri health Care Trust	0	0	0.25
Total Estimated Net Effect on FTE	1	1	1

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	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Higher Education, Office of Administration (COA) - Administrative Hearing Commission, and Office of State Courts Administrator** assumes the proposal would have no direct fiscal impact on their organizations.

Officials from the **Office of the Governor (GOV)** assume the proposal will have no fiscal impact on the GOV. If the Missouri Universal Health Assurance Program is established and the Governor will be required to appoint nine members for each of six regional health planning and policy development districts. The Governor will also be required to appoint fourteen of twenty-three members of the Board of Governors.

Officials from the **Office of State Treasurer (STO)** state the proposal has no fiscal impact on the STO although it is unclear whether the proposal is intending to create two funds with one in and one out of the Treasury. Location of the Trust Fund should be clarified.

Officials from the **COA - Division of Budget and Planning (BAP)** state the proposed legislation should not result in additional costs or saving to the BAP. The BAP defers to the Department of Social Services, Department of Health and Senior Services, and the Department of Insurance, Financial Institutions and Professional Registration for an estimate of the statewide impact of this proposal.

Officials from the **COA - Division of Accounting** provide the proposal duplicates the Missouri Consolidated Health Care Plan (HCP) health coverage for state employees, the Missouri Department of Transportation health care plan, and the Missouri Department of Conservation health care plan. In addition, the employer share of health care coverage for HCP is appropriated to the COA.

The proposal indicates it is a publicly financed program to provide health care services to all residents of this state. The only offset to a fully state-funded program is Federal Title XVIII and XIX monies received by the state. The total cost of all state residents' health care is unknown.

Officials from the **Department of Public Safety (DPS) - Director's Office** defer to the Missouri Consolidated Health Care Plan for response regarding the potential fiscal impact of the proposed Missouri Universal Health Assurance Program on their organization

ASSUMPTION (continued)

Officials from the **DPS - Missouri State Highway Patrol (MHP)** state the proposal provides that all moneys appropriated by the General Assembly to this new program will be placed in the Missouri Health Care Trust Fund. However, it does not specify the amount of that funding or how it would be determined.

The state currently pays a portion of each employee's health insurance premium. Without knowing how the new funding would be determined, there is no way to estimate whether this amount would increase or decrease. It does seem reasonable to assume that it would not be exactly identical to the current amount paid, which is why the MHP assumes an unknown impact.

Officials from the **Missouri Department of Conservation (MDC)** state the legislation indicates that "insurers, employers, and other plans may offer benefits that do not duplicate services that are offered by the Missouri Universal Health Assurance Program" and appears to allow the Conservation Employees' Insurance Trust Fund to remain intact. Therefore, this proposal would not appear to have any fiscal impact on MDC funds.

However, if the MDC is forced to insure employees under the Missouri Universal Health Assurance Program, the amount of impact would be unknown. If premiums are similar to current Missouri Consolidated Health Care Plan rates, the fiscal impact would be greater than \$4 million annually.

Oversight obtained additional information from the MDC. FY 09 budgeted employee healthcare costs paid by MDC are expected to be approximately \$8.2 million. Part-year funding (3 months for FY 11) of these costs will be transferred to the Missouri Health Care Trust Fund, but has not been indexed for inflation or budgetary increases.

Officials from the **Missouri State University (MSU)** state the proposal may result in savings to MSU if the current employee health insurance plan was no longer necessary because the level and types of benefits provided under the proposed Missouri Universal Health Assurance Program were comparable or better than the benefits provided under MSU's self-funded plan. It is not possible to determine the fiscal impact.

Officials from the **University of Missouri (UM)** state based on the language used in the proposed legislation, it is not possible to determine the extent of the potential fiscal impact, if any, on the UM.

ASSUMPTION (continued)

Officials from the **Office of State Auditor (SAU)** state the impact on the SAU is unknown as the term “oversight” in Section 354.771.4 is vague.

Officials from the **Office of Secretary of State (SOS)** state the proposal requires the Department of Health and Senior Services to promulgate rules. These rules would be published in both the Missouri Register and Code of State Regulations. Based on experience with other divisions, the rules, regulation and forms issued by the various agencies could require as many as 440 pages in the Code of State Regulations and 660 pages in the Missouri Register. For any given rule, roughly half again as many pages are published in the Missouri Register because of cost statements and fiscal notes, etc. that are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The SOS estimates a total cost of \$27,060 [(660 pgs. X \$23) + (440 pgs. X \$27)]. These costs are estimates and depend on the number of rules printed, rescinded, and amended.

Oversight assumes the SOS could absorb subsequent years’ costs of printing and distributing regulations related to this proposal. If multiple bills passed in those years which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of Attorney General (AGO)** assume, based on previous practice, that it would serve as legal advisor to the new health insurance program. The proposal creates a Board with the power to adopt rules, conduct investigations by compelling the submission of information, documents and records, and the capacity to be sued. The AGO assumes it would need one (1) Assistant Attorney General I and associated expenses to assist the Board in the rule-making process, investigating matters and in disputes before the Administrative Hearing Commission and Circuit Court of Cole County. The AGO estimates FY 09 costs of \$58,008; FY 10 costs of \$61,778; and FY 11 costs of \$63,630.

Officials from the **Missouri Department of Transportation (DOT)** state the legislation establishes the Missouri Universal Assurance Program which has the purpose of providing a single, publicly financed statewide insurance program for all residents of the state. Insurers, employers, and other plans may offer benefits that do not duplicate coverage offered by the program. Although the legislation does not define the terms "insurer", "employer" and "other plans", the DOT assumes the legislation would apply to the DOT and Missouri State Highway Patrol (MHP) Medical and Life Insurance Plans. This would mean that the Medical Plan could not offer coverage for items covered under the Universal Assurance Program. It is unclear whether the Medical Plan would continue under this scenario. If the Medical Plan were

ASSUMPTION (continued)

eliminated, approximately 50% of the staff administering the Medical and Life Insurance plans could be eliminated. This would result in a cost savings to the department of approximately \$277,000 per year.

The legislation states the Universal Assurance Program will be funded by a combination of federal payments received as a result of any waiver of requirements granted by the U. S. Secretary of Health and Human Services under health care programs established pursuant to Title XVIII and Title XIX of the Social Security Act, all moneys collected pursuant to sections 354.798 and 354.804, and all moneys appropriated by the general assembly to the program. Although the proposed legislation references sections 354.798 and 354.804 as a source of funding, these sections are not included in the proposal and do not exist in current law. Therefore, the DOT is assuming that the program will be funded by the federal payments and any money appropriated by the general assembly.

During FY 07, DOT's share expended for DOT employees health plans (DOT & Missouri Consolidated Health Care Plan) was \$38.6 million. This expenditure cannot be assumed as a cost savings to the department since DOT should still have expenditures for health plans. It is likely that DOT would be asked to continue making a contribution to its employee and retiree health care costs. The amount DOT could be asked to contribute cannot be determined; it could be less than, equal to or greater than the amount it currently contributes depending upon the cost of the Universal Assurance plan and the availability of other sources of funding. Therefore, it is unknown whether the legislation would result in an overall cost or cost savings to DOT.

Oversight obtained additional information from the DOT. The Governor's Recommendation for FY 09 funding is approximately \$51.6 million. Based on this information, **Oversight** assumes all Missouri Department of Transportation Funds (MoDOT funds) related to healthcare expenditures will be transferred to the Missouri Health Care Trust Fund. **Oversight** has not indexed the funds from FY 09 and further assumes 3 months of funding will be transferred in FY 11.

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** state the impact on existing insurance laws and regulations is assumed to be minimal. There would still be a need for medical expense insurance and HMO coverage in the employer market to accommodate employees of Missouri employers residing outside Missouri. The need for current insurance mechanisms would not be eliminated. In consideration of language in 354.750 referring to a participating provider, some Missourians will seek coverage that affords them access to the health care provider of their choice, whereas this program will limit access to only those providers that participate in the program. It is unclear whether 354.795, which allows insurers to offer plans that do not duplicate the coverage that is offered by the Missouri Universal Health Assurance Program, is intended to prevent any private plans that duplicate the coverages provided by the Missouri Universal Health Assurance Program.

ASSUMPTION (continued)

Because of the universal coverage created by this legislation, it is assumed that the amount of individual or group medical expense and HMO coverage provided in this state will be significantly reduced (but not totally eliminated). Therefore, the proposal would cause a corresponding reduction in income tax revenue (General Revenue) as well as the number of insurers and HMOs that would issue this type of coverage in Missouri.

Revenue to the department generated by form filing fees would be reduced by an unknown amount due to the reduction in the number of insurers that will remain in the market and the corresponding decrease in the number of forms filed. The Managed Care Section in the department may no longer be necessary because of the provisions of this proposal. If this is the case, staff would either be reallocated to other areas within the department or eliminated.

Officials from the **Department of Mental Health (DMH)** note the proposal would provide a single, publicly financed statewide insurance program to provide comprehensive coverage for all necessary health care services for all Missouri residents. Other state programs would be affected to the extent that existing publicly funded healthcare services are duplicated (i.e. DOS-MO HealthNet and DMH programs for persons with psychiatric and substance abuse problems and developmental disabilities).

The DMH officials state Section 354.770 requires that all Title XVIII (Medicare) and Title XIX (Medicaid/MO HealthNet) collections will be deposited into the Missouri Health Care Trust Fund (MHCTF). The DMH collected \$277,336,836 in federal funds from MC+, MO HealthNet, Uncompensated Care, and Medicare in FY 2007 and deposited them in the following funds:

General Revenue	\$178,971,067
Federal	\$ 98,273,763
General Revenue Reimbursements	\$ 92,006
TOTAL	<u>\$277,336,836</u>

The DMH assumes that Department of Social Services (DOS) requests and receives a waiver from the Centers for Medicare and Medicaid Services for deposit of federal funds into the MHCTF on or about April 1, 2009; the revenues for the final 3 months of FY 09 would be deposited into the MHCTF in the amount of \$66,750,000 (FY 09 projected revenues of \$267,000,000 / 12 x 3). The loss to DMH FY 09 General Revenue collections is estimated to be \$40,500,000 (\$162,000,000/ 12 X 3); and \$162,000,000 in each FYs 10 and 11. General Revenue estimates are based on FY 09 DMH projections by revenue group for all DMH facilities.

ASSUMPTION (continued)

The DMH is assuming that all of the above DMH collections from Medicare, MO HealthNet, and Uncompensated Care would be deposited into the Missouri Health Care Trust Fund. This does not represent a loss of funds to the state. The DMH assumes these funds would be used to provide covered services to persons through the Missouri Health Care Trust Fund instead of through the General Revenue (GR) and Federal appropriations.

If the DMH assumes that the Missouri Health Assurance program would choose DMH as a provider of services, the fiscal impact to the DMH would be dependent on the payments made to DMH under the new plan compared to current GR and Federal funding.

If the DMH assumes that the Missouri Health Assurance program would choose not to utilize DMH as a provider of services, there could be a loss of funding to DMH if DMH appropriations were reduced in proportion to the amount previously deposited by DMH to GR and Federal funds. The DMH believes if this were to happen, there is no guarantee that individuals in need of mental health services would receive the same level of care they currently receive.

Depending on the assumption scenario, there could be an impact of reduced funding to DMH which cannot be determined at this time.

Officials from the **Department of Health and Senior Services (DOH)** assume the Missouri Universal Health Assurance Program will be administered by a board and central agency independent of the DOH. Therefore, there is no fiscal impact to the DOH.

The DOH officials also provide that the proposed legislation creates the Health Professional Education and Training Fund to be used for the education and training of health professionals (Section 354.777). The DOH currently has several similar programs including the Primary Care Resource Initiative for Missouri (PRIMO) health professional student loan program (191.411.1, RSMo; 19 CSR 10-4.010) and the Missouri Professional and Practical Nursing Student Loan Program (335.212, RSMo; 19 CSR 10-6.010).

There is also a potential for duplication of programs provided by DOH for education and training of health professionals through the Health Professional Education and Training Fund. The DOH programs include the Professional and Practical Nursing Student Loan Program and the Primary Care Resource Initiative for Missouri (PRIMO). The health professional education and training budgets in DOH include \$500,000 in the Professional and Practical Nursing Student Loan Program and \$3,027,000 for PRIMO.

Oversight assumes the DOH will continue to be appropriated at least \$500,000 for the Professional and Practical Nursing Student Loan Program and \$3,021,500 for the PRIMO program. **Oversight** assumes these funds would be transferred to the Health Professional Education and Training Fund within the Missouri Universal Health Assurance Program.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state the estimates of impact to the MHD assumes that the population (Medicaid) would be the same, whether they were served by the new entity or contracted to DOS/MHD to administer.

The language in section 354.792.2, stating that each institutional provider shall negotiate an annual budget with the program could affect the per diem paid to hospitals and nursing homes.

Independent providers are to be reimbursed on a fee-for-service schedule using the federal Medicare reimbursement fees. Costs are expected to increase because current Medicaid reimbursement for non-institutional providers in many cases represents less than Medicare reimbursement fees.

For example, physician reimbursement is currently paid at less than Medicare rates and a fee increase would be needed to equal Medicare rates. An additional \$254 million is needed to bring MHD physician rates up to Medicare rates.

The loss of the advantage of competitively bidding managed care contracts would result in an additional cost of over \$43 million (five percent of \$858 million in FY 07 MC+ managed care payments).

Although the MHD cannot arrive at an actual dollar increase, it believes the cost will exceed \$300 million annually based on the few issues discussed above.

Assuming that this legislation is approved by the voters in November 2008, in order to implement these provisions, the DOS must apply for a waiver from the Centers for Medicare and Medicaid (CMS). Due to the time required for this process, there will not be a fiscal impact for FY 09 and FY 10.

According to Section B, Section A will become effective April 1st of the year following the notice to the revisor of statutes that waivers have been obtained. Therefore, the fiscal impact in FY 11 would be for 3 months. The amount of increased costs will not be known until the bidding and contract renewal process occurs. However, the MHD believes there will definitely be an increase exceeding \$75 million ($\$300 \text{ million} / 12 \text{ months} \times 3 \text{ months}$) in FY 11.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state the legislation establishes the Missouri Universal Health Assurance Program. Since the HCP would only provide some ancillary benefits above those required by this legislation and therefore, would no longer have to provide most of its current benefits and consequently no longer be necessary, and assuming this program would be available to all Missourians, this proposal would result in the savings of HCP's state appropriations for FY 09 less those funds necessary to continue the designated ancillary benefits.

ASSUMPTION (continued)

Due to many unknowns, such as global budgets, available funding, etc., the HCP cannot determine if these savings would offset the cost of the new program for its current members.

Also, the HCP currently provides coverage for approximately 3,300 members living outside of the state and therefore, would not be eligible for this program. The average claim cost for each member is \$385 per month. If the HCP were to continue to provide coverage for these members, any potential or similar agency, program savings would be less approximately \$15,255,900. There would also still be some administrative cost. This amount would be dependent upon the status of the organization still remaining to administer benefits to this group.

Oversight notes HCP's FY 09 appropriations request totals \$397,306,985. Between FY 08 and FY 09, HCP's budget increased approximately 10.1%. Assuming HCP's budget would increase each year by approximately the same percentage, the HCP's FY 11 budget could total approximately \$481.6 million. **Oversight** assumes there would be savings associated with the HCP's appropriations of less than \$481.6 million for FY 11 (estimated appropriations less unknown ancillary benefit costs, administration, etc.).

Oversight notes DOS's assumption of April 1, 2011 as the effective date for the changes associated with this proposal (allowing for the approval of waivers from the U.S. Secretary of Health and Human Services). **Oversight** assumes all costs, savings, and transfers associated with state agencies for this proposal should be reflected in FY 2011, and adjusted to 3 months (April 1 to June 30) when appropriate.

When estimating appropriated program savings/costs for the DOS, **Oversight** used the DOS-MHD's FY 09 Governor Recommended amount. For fiscal note purposes, **Oversight** assumes the DOS-MHD would continue to be appropriated at least the same amount for FY 11.

Oversight obtained information relating to average board meeting costs. **Oversight** assumes board meetings for the Board of Governors would last 2 days each. Based on 240 miles average round trip at 41.5 cents per mile (\$100), meal expense of \$50 (including an evening meal), \$75 in hotel expense (1 night), and express mailing costs of \$47.50, **Oversight** estimates \$272.50 in expenses per board member per meeting. The Board of Governors is to be composed of 23 members and is to meet at least six (6) times per year. **Oversight** assumes Board of Governors meeting costs of \$38,733 for FY 09; \$39,895 for FY 10; and \$41,092 for FY 11.

Oversight obtained information from the U.S. Census Bureau, the Missouri Census Data Center, and the Centers for Medicare and Medicaid (CMS), U.S. Department of Health and Human Services (HHS). Based on the census data, **Oversight** estimates Missouri's 2011 population at approximately 6.035 million people. Approximately 20% of the population is 65+ and eligible for Medicare. Therefore, the estimate of Missouri's population that would be covered by the

ASSUMPTION (continued)

Universal Health Program is estimated to be 4.828 million (6.035 million X 80%). According to the CMS/HHS website, total health expenditures averaged \$7,026 per person in 2006, an increase of approximately 6.7% from the previous year.

Based on this information, **Oversight** assumes an average per person health care spending amount of \$9,716 ($\$7,026 \times 1.067 \times 1.067 \times 1.067 \times 1.067 \times 1.067$) by 2011. **Oversight** projects that total health care spending for all Missouri residents could exceed \$46.9 billion for 2011 (4.828 million residents under age 65 X \$9,716 = \$46,908,848,000).

Oversight assumptions do not reflect who would administer the Universal Health Assurance Program.

FISCAL IMPACT - State Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

HWC:LR:OD (12/02)

GENERAL REVENUE FUND

Savings - HCP

Appropriations	\$0	\$0	Unknown less than \$79,464,000
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Savings - DMH

Appropriations	\$0	\$0	\$0 to Unknown
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Savings - DOS

Appropriated program costs - Section 354.770	<u>\$0</u>	<u>\$0</u>	<u>\$377,109,926</u>
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Total <u>Savings</u> - All Departments	<u>\$0</u>	<u>\$0</u>	<u>Unknown less than \$456,573,926</u>
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Costs - AGO

Personal service costs (1 FTE)	(\$27,896)	(\$34,479)	(\$26,636)
Fringe benefits	(\$12,336)	(\$15,247)	(\$11,778)
Equipment and expense	<u>(\$17,776)</u>	<u>(\$12,052)</u>	<u>(\$9,309)</u>
Total <u>Cost</u> - AGO	<u>(\$58,008)</u>	<u>(\$61,778)</u>	<u>(\$47,723)</u>
FTE Change - AGO	1 FTE	1 FTE	0.75 FTE

Costs - SOS

Revising rules	<u>(\$27,060)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Cost</u> - SOS	<u>(\$27,060)</u>	<u>\$0</u>	<u>\$0</u>

Loss - DIFP

Reduction in income tax paid by insurers and HMOs	\$0	\$0	(Unknown)
Reduction in premium taxes collected	\$0	\$0	(Unknown)

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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GENERAL REVENUE FUND (cont.)

Transfer-Out - To Missouri Health Care Trust Fund

HCP Appropriations	\$0	\$0	(Unknown less than \$79,464,000)
DMH Appropriations	\$0	\$0	(\$0 to Unknown)
DOS Appropriated program savings - Section 354.770	<u>\$0</u>	<u>\$0</u>	<u>(\$377,109,926)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

<u>(\$85,068)</u>	<u>(\$61,778)</u>	<u>(Unknown exceeding \$47,723)</u>
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Estimated Net FTE Change for General Revenue Fund

1 FTE	1 FTE	0.75 FTE
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INSURANCE DEDICATED FUND

Savings - DIFP

Reduction in Managed Care Section staff and expenses	\$0	\$0	Unknown
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Loss - DIFP

Reduction in form filing fees	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND

<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
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CONSERVATION FUNDS

Transfer-Out - to Missouri Health Care Trust Fund

MDC healthcare funds	\$0	\$0	(\$2,050,000)
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ESTIMATED NET EFFECT ON CONSERVATION FUNDS

<u>\$0</u>	<u>\$0</u>	<u>(\$2,050,000)</u>
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FISCAL IMPACT - State Government

FY 2009 (10 Mo.)	FY 2010	FY 2011
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ALL MoDOT FUNDS

Savings - DOT

Reduction in personal service costs	\$0	\$0	\$69,250
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Transfer-Out - to Missouri Health Care Trust Fund

MoDOT healthcare funds	\$0	\$0	(\$12,900,000)
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ESTIMATED NET EFFECT ON ALL MoDOT FUNDS

	<u>\$0</u>	<u>\$0</u>	<u>(\$12,830,750)</u>
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COUNTY FOREIGN/COUNTY STOCK FUNDS

Savings - DIFP

Reduction in premium tax transferred to schools	\$0	\$0	Unknown
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Loss - DIFP

Reduction in premium tax collected	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON COUNTY FOREIGN/COUNTY STOCK FUNDS

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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PROFESSIONAL AND PRACTICAL NURSING STUDENT LOAN PROGRAM FUND

Savings - DOH

Nursing student loan program funds	\$0	\$0	\$125,000
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Transfer-Out - To Health Professional Education and Training Fund

Nursing student loan program funds	<u>\$0</u>	<u>\$0</u>	<u>(\$125,000)</u>
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ESTIMATED NET EFFECT ON PROFESSIONAL AND PRACTICAL NURSING STUDENT LOAN PROGRAM FUND

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

	FY 2009	FY 2010	FY 2011
	(10 Mo.)		

**PRIMARY CARE RESOURCE
 INITIATIVE FOR MISSOURI FUND**

Savings - DOH

PRIMO program funds	\$0	\$0	\$756,750
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Transfer-Out - To Health Professional
 Education and Training Fund

PRIMO program funds	<u>\$0</u>	<u>\$0</u>	<u>(\$756,750)</u>
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**ESTIMATED NET EFFECT ON
 PRIMARY CARE RESOURCE
 INITIATIVE FOR MISSOURI FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**MISSOURI HEALTH CARE TRUST
 FUND**

Transfer-In - from General Revenue

HCP appropriations	\$0	\$0	Unknown less than \$79,464,000
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DMH appropriations	\$0	\$0	\$0 to Unknown
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DOS appropriated program savings - Section 354.770	<u>\$0</u>	<u>\$0</u>	<u>\$377,109,926</u>
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Total <u>Transfer-In</u> From General Revenue	<u>\$0</u>	<u>\$0</u>	<u>Unknown less than \$456,573,926</u>
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Transfer-In - Conservation Funds

MDC healthcare funds	\$0	\$0	\$2,050,000
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Transfer-In - DOT Funds

DOT/MHP healthcare funds	\$0	\$0	\$12,900,000
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Transfer-In - from Other State Funds

HCP appropriations	\$0	\$0	Unknown less than \$15,652,000
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DOS appropriated program savings - Section 354.770	<u>\$0</u>	<u>\$0</u>	<u>\$424,853,522</u>
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Total <u>Transfer-In</u> - from Other State Funds	<u>\$0</u>	<u>\$0</u>	<u>Unknown less than \$440,505,522</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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**MISSOURI HEALTH CARE TRUST
 FUND (cont.)**

Transfer-In - from Federal Funds

HCP appropriations	\$0	\$0	Unknown less than \$25,284,000
DOS Federal appropriated reimbursement fund - Section 354.770	\$0	\$0	\$826,618,108
Increase in Federal reimbursement funds - Section 354.792	<u>\$0</u>	<u>\$0</u>	<u>\$47,392,500</u>
Total <u>Transfer-In</u> - from Federal Funds	<u>\$0</u>	<u>\$0</u>	<u>Unknown less than \$899,294,608</u>

Transfer-In - from Local Governments

Local Government health care savings	\$0	\$0	Unknown
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Costs - Missouri Board of Governors

Board meeting costs (23 members)	(\$38,733)	(\$39,895)	(\$41,092)
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Costs - AGO

Personal service costs (1.0 FTE)	\$0	\$0	(\$8,878)
Fringe benefits	\$0	\$0	(\$3,926)
Equipment and expense	<u>\$0</u>	<u>\$0</u>	<u>(\$3,103)</u>
Total <u>Costs</u> - AGO	<u>\$0</u>	<u>\$0</u>	<u>(\$15,907)</u>
FTE Change - AGO	0 FTE	0 FTE	0.25 FTE

Costs - Increase in Universal Health Care provider reimbursements - Section 354.792

	\$0	\$0	(\$75,000,000)
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Costs - Missouri Health Care Trust Fund

Universal Health Assurance Program Costs	<u>\$0</u>	<u>\$0</u>	<u>(Could exceed \$11,725,000,000)</u>
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**ESTIMATED NET EFFECT ON
 MISSOURI HEALTH CARE TRUST
 FUND**

<u>(\$38,733)</u>	<u>(\$39,895)</u>	<u>(Unknown more than \$9,988,732,943)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
HEALTH PROFESSIONAL EDUCATION AND TRAINING FUND			
<u>Transfer-In - from Professional and Practical Nursing Student Loan Program Fund</u>			
Nursing student loan program funds	\$0	\$0	\$125,000
<u>Transfer-In - from Primary Care Resource Initiative for Missouri Fund</u>			
PRIMO program funds	<u>\$0</u>	<u>\$0</u>	<u>\$756,750</u>
ESTIMATED NET EFFECT ON HEALTH PROFESSIONAL EDUCATION AND TRAINING FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$881,750</u>
ALL OTHER STATE FUNDS			
<u>Savings - HCP</u>			
Appropriations	\$0	\$0	Unknown less than \$15,652,000
<u>Savings - DOS</u>			
Appropriated program costs - Section 354.770	\$0	\$0	\$424,856,522
<u>Transfer-Out - to Missouri Health Care Trust Fund</u>			
HCP appropriations	\$0	\$0	(Unknown less than \$15,652,000)
DOS appropriated program cost savings - Section 354.770	<u>\$0</u>	<u>\$0</u>	<u>(\$424,856,522)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
FEDERAL FUNDS			
<u>Savings - DOS</u>			
Appropriated program costs - Section 354.770	\$0	\$0	\$826,618,105
<u>Savings - HCP</u>			
HCP appropriations	\$0	\$0	Unknown less than \$25,284,000
<u>Income - Increase in program reimbursements - Section 354.792</u>			
	\$0	\$0	Unknown exceeding \$47,392,500
<u>Transfer-Out - to Missouri Health Care Trust Fund</u>			
HCP appropriations	\$0	\$0	(Unknown less than \$25,284,000)
DOS appropriated program cost savings - Section 354.770	\$0	\$0	(\$826,618,105)
Increase in program reimbursements - Section 354.792	\$0	\$0	(Unknown exceeding \$47,392,500)
<u>Total Transfer-Out - to Missouri Health Care Trust Fund</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown less than \$25,284,000)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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ALL LOCAL GOVERNMENTS

Savings - All Local Governments

Health care premium savings	\$0	\$0	Unknown
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Transfer-Out - to Missouri Health Care Trust Fund

Health care premium savings	\$0	\$0	(Unknown)
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Loss - Schools

Reduction in distribution of premium taxes	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS

<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Small Business

The proposal will impact small businesses that currently provide health care benefits for their employees.

FISCAL DESCRIPTION

This proposal establishes the Missouri Universal Health Assurance Program. The program is a publicly financed, statewide program that will provide comprehensive health care services for Missouri residents. The Director of the Department of Health and Senior Services is required to divide the population of the state into six regional health planning and policy development districts. An advisory council of 9 members will be established for each district. The advisory councils will assist the board of governors of the program in creating an annual comprehensive state health care plan as well as developing a transportation plan for indigent, elderly, and disabled clients.

The program will be administered by a 23-member board of governors, of whom 14 members will be appointed by the Governor, with the advice and consent of the Senate. The directors of the departments of Social Services, Health and Senior Services, and Mental Health will be ex-officio members; and the board will include representation of minority and disabled individuals. The board will be responsible for monitoring expenditures, adopting rules, employing staff, and studying methods for incorporating institutional and long-term care benefits into the program.

FISCAL DESCRIPTION (cont.)

The proposal also establishes the Missouri Health Care Trust Fund which will be used to finance the program. Certain health care services are excluded from coverage. The program is required to pay the expenses of institutional providers of health care, and each provider is required to negotiate an annual budget with the program which will cover anticipated expenses. The program will reimburse independent providers of health care on a fee-for-service basis. Other insurers and employers may offer benefits that do not duplicate those offered by the program.

No later than 30 days after the effective date of the proposal, the Department of Social Services is required to apply to the United States Secretary of Health and Human Services for all health care program waivers that would enable the state to deposit federal funds into the Missouri Health Care Trust Fund. The department is also required to identify other federal funding sources.

Specific sections of the proposal will become effective April 1 of the year following the award of a waiver by the United States Department of Health and Human Services. Notice of the receipt of the waiver must be given to the Revisor of Statutes.

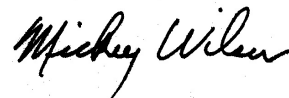
This legislation is not federally mandated and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

HWC:LR:OD (12/02)

Office of Attorney General
Office of Administration -
 Division of Accounting
 Administrative Hearing Commission
 Division of Budget and Planning
Office of State Courts Administrator
Department of Higher Education
Missouri Department of Transportation
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Department of Public Safety -
 Director's Office
 Missouri State Highway Patrol
Office of the Governor
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Office of State Auditor
Office of Secretary of State
Office of State Treasurer
Missouri State University
University of Missouri

NOT RESPONDING: Truman State University



Mickey Wilson, CPA
Director
March 11, 2008