COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5271-01
Bill No.: SB 1283
Subject: Health Care; Health, Public; Health Department; Boards, Commissions, Committees, Councils; Insurance-Medical; Insurance Department
Type: Original
Date: March 31, 2008

Bill Summary: This legislation creates the Missouri Health Transformation Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown but Greater than $86,675,738)	(Unknown but Greater than $92,934,851)	(Unknown but Greater than $94,955,943)
Total Estimated Net Effect on General Revenue Fund	**(Unknown but Greater than $86,675,738)**	**(Unknown but Greater than $92,934,851)**	**(Unknown but Greater than $94,955,943)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 36 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Right To Know Trust Fund	$0 to ($5,000,000)	$0 to ($5,000,000)	$0 to ($5,000,000)
Tobacco Use Prevention, Cessation and Enforcement Trust Fund*	$0	$0	$0
Federal Reimbursement Allowance Fund	($31,249,639)	($85,878,594)	($114,985,582)
County Stock/Foreign Fund	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds	**(Unknown - Could Exceed $36,249,639)**	**(Unknown - Could Exceed $90,878,594)**	**(Unknown - Could Exceed $119,985,582)**

*Income and costs of approximately $13 million would net to $0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal	($2,325,388 to Unknown)	($2,325,388 to Unknown)	($2,325,388 to Unknown)
Total Estimated Net Effect on All Federal Funds	**($2,325,388 to Unknown)**	**($2,325,388 to Unknown)**	**($2,325,388 to Unknown)**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	Unknown	Unknown	Unknown
Tobacco Use Prevention, Cessation and Enforcement	2 FTE	2 FTE	2 FTE
Federal	2.3 FTE	2.3 FTE	2.3 FTE
Total Estimated Net Effect on FTE	**Unknown**	**Unknown**	**Unknown**

☒ 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	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (Unknown)**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety**, **Missouri Senate**, **Missouri Governor's Office**, **Budget and Planning Division**, **Department of Economic Development**, **Department of Higher Education**, **Office of Administration**, **Legislative Research - Oversight Division**, **Department of Labor and Industrial Relations**, **Department of Natural Resources** and the **Department of Agriculture** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Mental Health** assume provisions contained in this proposal will cause the Division of Alcohol and Drug Abuse to lose $2,325,388 currently used to fund Substance Abuse Prevention and Treatment programs. Failure to fund these programs will also jeopardize the Division's federal Block Grant funding because of reduced maintenance of effort. This proposal will also create a projected cost of $2,564 for the Director of the Department to participate in the Health Cabinet and Health Policy Council. Other provisions contained in this proposal will create additional work for the Department in preparing reports (shifting demographics study) and possibly cause a loss of revenue for certain preventable errors, injuries and infections. These costs are probably less significant and cannot be quantified.

On the other hand, some provisions contained in this proposal can be expected to create a savings for the Department. Some savings can be anticipated if Speech, Occupational and Physical Therapy become eligible services through MO HealthNet. It is assumed that the Division of Mental Retardation and Developmental Disabilities currently serve individuals who do not have health insurance and who would be eligible for services under the provisions of 208.1300 - 208.1345 (Insure Missouri) above. That coverage could create a savings for the Department. It is not known how many individuals would be affected or what services they might receive through the Insure Missouri program, therefore the projected savings are unknown.

Overall, despite the unknown savings, this proposal will create a fiscal impact to the Department of Mental Health of between $2,327,952 and an unknown amount.

Officials from the **Department of Corrections (DOC)** assumes the proposal appears to have no fiscal impact for the DOC, however it is unknown what rules and regulations may be

ASSUMPTION (continued)

promulgated by the created cabinet. It is assumed that if tracking of employee issues or some similar function would be implemented by the cabinet, that OA Personnel would address any resulting fiscal impact on behalf of the agencies.

Officials from the **Department of Elementary and Secondary Education (DESE)** state the following:

Section 167.720:
The proposal will not pose additional costs to the Department directly, but will likely require additional technical assistance to local school districts.

The proposal includes requirements for a significant increase in the time provided to students for physical education. For school districts, there will be significant impact related to facilities and appropriate staff to meet these requirements. In order to calculate an accurate fiscal estimate, it would be necessary to contact each school district to determine specific staffing and facility needs. DESE estimates such staffing and facility needs statewide will pose significant costs to local school districts, likely millions of dollars.

Section 26.853:
This section will result in insignificant travel expenses.

Officials from the **Department of Revenue** states the following:

Customer Assistance would require -

One Tax Collection Technician I for every 15,000 calls a year on the income tax phone line. One Tax Collection Technician I for every 24,000 calls a year to the delinquency phone line and three Tax Processing Technician I for every additional 4,800 contacts in the field offices (Taxation anticipates most customers will contact the Department via phone, therefore, the Department will only request 1 Full Time Employee for each of the larger field offices including Kansas City, St. Louis, and Springfield)

Office of Administration Information Technology (ITSD/DOR) estimates that this legislation could be implemented utilizing 1 existing CIT III for 2 months for modifications to MINITS and 3 existing CIT III for 1 month for modifications to the corporate systems. The estimated cost is $20,930. ITSD/DOR estimates the information technology portion of this request can be accomplished within existing resources. However; if priorities shift, additional FTE/overtime would be needed to implement.

ASSUMPTION (continued)

Personal Tax would require -

Section 135.092
1 Tax Processing Technician I for every 4,000 credits claimed

Section 135.675
· 1 Tax Processing Technician I for every 4,000 credits claimed

Section 143.116
· 2 Temporary Tax Employees for key entry
· 1 Tax Processing Technician I for every additional 19,000 returns to be verified
· 1 Tax Processing Technician I for every additional 2,400 pieces of correspondence generated

Section 143.121
· 2 Temporary Tax Employees for key entry
· 1 Tax Processing Technician I for every additional 19,000 returns to be verified
· 1 Tax Processing Technician I for every additional 2,400 pieces of correspondence generated

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** states that currently MCHCP covers the following preventative services at 100%: Annual Physical Exam/Wellness Exam, Immunizations, Mammograms, Outpatient Diagnostic Lab and X-Rays, Pap Smears, Prostate Cancer Screenings, Colorectal Screenings, Colonoscopy and Sigmoidoscopy Screenings, and Well Child Care.

The U.S. Preventive Services Task Force (USPSTF) has graded a listing of preventive services with an "A" (strongly recommended) or a "B" (recommended) grade. These "A" and "B" graded services could be regularly charged for counseling but some of the services also include tests and/or procedures which will add cost. Total cost at this point in unknown, but could easily be in excess of $100,000.

Officials from the **Department of Health and Senior Services (DHSS)** state the following:

Administration -
Section 23.140:
Adds a new question to the fiscal note process, "How the legislation will impact the health and citizens in this state." The Department assumes Oversight would start sending all fiscal notes to

ASSUMPTION (continued)

the Department to comment on this question. The review and determination of how the legislation will impact the health of the citizens in this State will greatly increase the volume of legislative fiscal note reports for the Department of Health and Senior Services.

Currently the Department reviews an average of 739 fiscal notes a year. If this legislation were to be implemented, it is assumed the Department would be required to review approximately 3,882 fiscal notes per year based on the average total number of bills introduced by the General Assembly. Currently, DHSS has one Designated Principal Assistant serving as our Legislative Liaison who provides a final review of all fiscal notes before submission. DHSS also has one Special Assistant Clerical serving as clerical support for the Legislation Liaison. Because of the increase of over five times the fiscal notes to review, additional staff would be needed in order to review fiscal notes and assure the responses are submitted to the Legislative Oversight Committee in a timely manner. DHSS is requesting the addition of six FTE, four professional staff and two clerical support for this function.

Our Budget Services and Analysis staff receive the fiscal note requests from the Legislative Review Oversight Committee (LROD) and coordinate a fiscal note response within the Department. The Bureau reviews the legislation, sends the fiscal notes to the appropriate programs within the Department, and prepares the fiscal note impact before submitting it to the Governmental Policy and Review unit for review and then to the LROD. Because of the increase in workload this legislation may cause, DHSS is requesting the addition of two Budget Analyst I/II FTE, two Budget Analyst III FTE, and one Office Support Assistant. If it is later determined that the Department would not see an increase in the number of fiscal notes to review as a result of this legislation, the additional staff outlined above would not be needed.

Division of Regulation and Licensure (DRL) -
Section 23.140.2(7):
Requires that every fiscal note be reviewed for how the legislation will impact the health of the citizens in this state. It is anticipated that this required review could significantly increase the number of fiscal notes to be reviewed by DRL. One additional Management Analysis Specialist II will be required in order to review the additional bills and to work with program staff to develop the required fiscal note responses. Standard expense and equipment is included for this position.

Section 26.900:
Requires a workgroup to:
1. Review of the Department's major policies, programs, etc. in light of increasingly older and more diverse populations;

ASSUMPTION (continued)

2. Development of a policy brief by July 1, 2009 (updated annually) that highlights critical functions and issues affected by shifting demographics that should be addressed in the next ten (10) years; and
3. Selection of the three (3) most important areas/issues, identification of action steps and forecasted results.

Given the DRL's regulatory role and involvement with child care, health care, and long-term care, the DRL assumes the Division would have a significant role in complying with this section. The amount of staff time required is unknown at this time. One Health Facilities Nursing Consultant position will be required to participate in this work group to identify issues, help develop the policy brief and keep it updated, identify action steps and results and to provide continual monitoring of actions and results. Standard expense and equipment are included for this position.

Section 191.1271:
Requires the DHSS to promulgate quality control rules and regulations to be used in removing and improving the services of telehealth practitioners. DRL has concerns regarding the Department regulating professions that are already regulated by the Board of Registration. However, if the rules and regulations were to be developed and enforced by the Department, DRL assumes the Division would have a significant role in these activities. There is no way to determine how many telehealth practitioners there would be if the legislation were to pass. Therefore, DRL is unable to estimate how many additional staff would be needed in order to comply with telehealth requirements, however it is assumed it would result in costs greater than $100,000.

Section 197.853.1:
Establishes a separate body known as the "Right to Know Committee" within the health policy cabinet created in section 26.859 of the proposal. The committee is given the ability to employ staff, execute contracts, spend monies in the Right to Know Trust fund, numerous duties related to serious events and incidents, recommendations on changes in health care practices and procedures, and submission of an annual report to the General Assembly. The duties would appear to require an unknown number of staff and other expenses that would be paid from the Right to Know Trust Fund. The committee is to also meet with the Department for the purposes of implementing the Right to Know legislation.

Section 197.859:
Establishes the "Right to Know Trust Fund" to be administered by the Right to Know Committee. Beginning December 31, 2008, each hospital (approximately 150) and ASC

ASSUMPTION (continued)

(approximately 111) is required to pay the Department a surcharge on their annual licensing fee to provide revenues, not to exceed $5 million annually, to operate the committee. The charges are to be assessed proportionately to the hospitals and ASCs. Assuming that the surcharge would be set to equal the amount required to operate the committee, expenditures of the fund are considered to be equal to the revenues and could range from $0 to $5,000,000 annually. The Department will need to determine the appropriate amount of the surcharge each year and assess and collect the charge. Rule promulgation would likely be required in order to implement the surcharge. Proportional surcharges would have to be recomputed annually and the receipt of payment would have to be monitored to ensure it is received before the 30 days, after which time an administrative penalty could be assessed if not paid. These activities will require one Health Program Representative in order to draft rules, compute surcharges and track them for payment. Standard expense and equipment is included for this position. DRL assumes and revenue deposited into the Right to Know Trust Fund for committee operations would be expended for committee operations, therefore netting a zero impact to the fund.

Section 197.862:
Requires the Department to:
1. Review and approve approximately 270 right to know plans
2. Receive reports of serious events and infrastructure failures
3. Investigate serious events and infrastructure failures
4. Analyze and evaluate existing health care procedures in conjunction with the committee and approve recommendations issued by the committee

Section 197.880.1:
Requires hospitals and ASCs to report serious events to the Department and the committee within twenty-four (24) hours of their confirmation that an event occurred. The report is to be in the form prescribed by the committee in consultation with the Department. The section also requires hospitals and ASCs to report infrastructure failure to the Department in a form and manner prescribed by the Department within twenty-four (24) hours after occurrence or discovery of the failure. DHSS estimates a minimal amount of time would be required to develop the required forms and believe this section will have no fiscal impact on the DRL.

There are currently 161 licensed hospitals and 109 licensed ambulatory surgical centers in the state. The DRL would be charged with investigating all serious event reports. If the numbers reported in Missouri are similar to those reported in other states (such as Pennsylvania), Missouri could anticipate an additional 6,000 reports to investigate. Missouri currently investigates between 500 and 600 complaints each year with a staff of 18 Health Facilities Nursing Consultants (HFNC), 7 Health Facility Consultants (HFC), and 4 clerical staff.

ASSUMPTION (continued)

Based on an expected ten-fold increase in investigations, (6,000 additional reports/ 600 currently), the potential seriousness of the events which could result in more lengthy investigations than some of the complaints currently investigated, as well as the need to review and approve 270 right to know plans, the following additional staff would be needed:

18 HFNC X 10 = 180 additional HFNC FTE (telecommuters), 7 HFC X 10 = 70 additional HFC (telecommuters), 4 Senior Office Support Assistants X 10 = 40 additional clerical positions. Standard expense and equipment is included for the above positions.

Division of Senior and Disability Services (DSDS) -
Section 26.859:
Eliminates the State Boards of Health and Senior Services and replaces them with the "Health Policy Council." DSDS assumes no fiscal impact for this section.

Sections 26.900.2-4:
Require state Departments to conduct a review and develop a policy brief that highlights critical functions and issues arising as a result of the state's shifting demographic and to submit the policy brief by July 1, 2009, with annual updates. It is assumed DSDS would play a major part in conducting this review. A consultant would be required to complete the review and policy brief. Because the consultant services would be contracted via a request for proposal, DSDS cannot estimate the cost of such services. For the purposes of this fiscal note, DSDS assumes a cost of greater than $100,000 annually, funded from General Revenue.

Sections 208.1306.1-3:
Define the services covered by the "Insure Missouri" program. The program will cover specified medically necessary services in the manner and extent determined by the MO HealthNet division.

Section 208.1306.2 (17):
Specifies that one of the services covered will be personal care. The DHSS assumes the Department of Social Services (DSS) will calculate the fiscal impact associated with determining eligibility under the "Insure Missouri" program, the cost of services for the eligible recipients, and the cost of any administrative hearings regarding denial of eligibility.

DSDS assumes the "Insure Missouri" program administration will be similar to that of the MO HealthNet program. Based on this assumption, DSDS has determined that it would be the agency designated to assess and authorize requests for personal care services under the new program. Services would be provided for individuals with incomes up to 225% of Federal Poverty Level (FPL).

ASSUMPTION (continued)

Estimates provided by the DSS on March 6, 2008, indicate the "Insure Missouri" program will cover approximately 293,530 individuals. Based on utilization of MO HealthNet for eligibility categories which exclude the disabled and those over age 65, DSDS assumes that approximately .17% of the eligible individuals would utilize personal care services equaling 499 individuals (293,530 X .0017 = 499.001). DSDS assumes these individuals will become eligible at the effective date of this legislation.

As of June 30, 2007, caseloads for the Division's Social Service Workers averaged approximately 156 per FTE ((41,504 In-Home + 10,068 Consumer-Directed)/329.60). Pursuant to Section 660.021, RSMo., the Caseload Standards Advisory Committee recommended that caseloads should be no more than 80 per worker. The Division would request additional staff in an effort to reduce average caseloads to at least 100 per Social Service Worker.

Keeping with the previous request to reduce caseloads to 100 per worker, the Division will require 5.00 Social Service Worker FTE to case manage the new eligibles as a result of this legislation (499 clients/100 = 4.99). Social Service Worker duties include the responsibility for investigation of hotlines, eligibility determination and authorization of state-funded in-home services, and care plan management.

Currently, the ratio of Home and Community Area Supervisors (HCSAS) is one supervisor for every ten Social Service Worker (SSW) FTE. Since this proposal will only require 5.00 SSW FTE, DSDS will not request any additional supervisors or clerical staff and will absorb those duties with existing staff.

The blended Federal participation rate of 54 percent GR and 46 percent Federal was applied to this cost estimate for Personal Services and Expense and Equipment.

Division of Community and Public Health (DCPH) -
Section 8.365 and 23.140:
Section 8.365 requires the Office of Administration, in consultation with the DHSS to submit a report to the Governor and General Assembly by December 31, 2008 detailing the opportunities for the state to implement a minimum health promotion standard for construction or substantial renovation of a state building. The Bureau of Environmental Epidemiology would require an additional Environmental Specialist IV to work with the Office of Administration to implement this provision, as there is insufficient capacity at this point to establishing standards or criteria for 'health promotion' standards in building construction of renovations. This staff person would also be utilized to review the additional fiscal notes the Department may receive and required to comment on regarding the impact the legislation has on the health of the citizens of the state, as a

ASSUMPTION (continued)

result of Section 23.140. The scope of information/experience required by evaluations of this type is not currently present in programmatic staff, nor are there adequate resources to pull staff from existing duties to develop new skill sets. The recommended level of staffing to accomplish this is an Environmental Specialist IV, which would represent an individual with an understanding of various aspects of public health including environmental/structural factors, food- and vector- borne diseases, sanitation, safety standards for public places and an exposure to health promotion theory.

Section 196.1200:
Establishes the Tobacco Use Prevention and Cessation Trust Fund, which shall be funded by moneys received from the strategic contribution payments under the Master Settlement Agreement. According to the Attorney General's Office, this funding should be approximately $13 million per year through Fiscal Year 2017. Moneys in the fund shall be used for a comprehensive tobacco control program including but not limited to prevention and cessation of tobacco control programs.

DHSS estimates that two (2) additional FTE will be required for the implementation of this program:

- One (1) Program Coordinator ($45,804) responsible for the implementation and oversight of the program, including: contract monitoring, supervision of the HPR III, providing technical assistance to schools and counties, coordinating publicity for the new programs, and evaluation effectiveness
- One (1) Health Program Representative III ($36,204) responsible for providing technical assistance, training and other resources to local organizations working to reduce tobacco use, and other duties as directed by the coordinator

Standard expenses and equipment, fringes, and indirect costs would also be needed for the two staff.

The remaining funds would be used as follows:

- Approximately $2 million will be used for the expansion of the Quitline program. The cost to provide nicotine replacement therapy (NRT) is $62.50 per individual. This additional funding would allow the department to provide NRT to approximately 32,000 additional callers.

- Approximately $10.5 million will be used in the form of grants to community-based groups and school districts for tobacco prevention/cessation efforts. $6.5 million will provide grants to community-based groups and $4 million will provide grants to school

ASSUMPTION (continued)

districts. These programs are to provide individual and group cessation and/or prevention counseling for youth.

The exact amount of funding for each program activity are approximate and will depend on the actual amount received from the strategic contribution payments under the Master Settlement Agreement.

It is assumed the increased revenue in the Tobacco Use Prevention and Cessation Trust Fund will be offset by a reduction in revenue to the General Revenue Fund. Based on the estimates provided by the Attorney General's Office, the lost revenue to the General Revenue fund will be approximately $13 million.

Section 192.083:
Requires the Office of Minority Health to solicit proposals from community programs and organizations representing minorities to develop culturally appropriate solutions and services relating to health and wellness. One additional Health Program Representative III would be needed to solicit in the minority communities to develop services and provide contract monitoring for the agencies providing the services.

Section 191.1025:
Requires the DHSS to develop the Missouri Healthy Workplace Recognition Program for the purposes of granting official state recognition to employers with more than fifty employees for excellence in promoting health, wellness, and prevention. The development of this program would require the addition of at least one professional and one support staff person in order to implement. Although restricted to employers of more than fifty persons, this would still encompass a great number of Missouri businesses that would have to be evaluated on an annual basis. One Health Program Representative III would be needed to develop the criteria and the means by which the criteria will be evaluated. One Office Support Assistant would be essential for data collection and entry, forms processing, and communications with the eligible businesses.

Section 191.1200:
Requires the DHSS to award a grant to implement an internet web-based primary care access pilot project designed as a collaboration between private and public sectors to connect, where appropriate, a patient with a primary care medical home, and schedule patients into available community-based appointments as an alternative to non-emergency use of the hospital emergency room. The development of an internet-based system that allows interfaces with hospital emergency rooms, community health centers, private clinician's office and other health care providers is an extraordinary effort. Due in large part to the lack of consistency or standards

ASSUMPTION (continued)

in electronic data management in these systems, other than a standard programming language, the costs for implementing even a pilot project with these dimensions is unknown, but expected to exceed $2.5 million a year. Ongoing costs would be necessary to work with facilities across the state to implement the data exchange systems between the web-based system and all the health care providers in the state. Due to the magnitude of this project, it is assumed the Department would need staff to work with the contractor and provide oversight to ensure the provisions outlined in the legislation are met. The amount of additional staff and costs needed to provide oversight to this project are unknown at this time, however expected to exceed $100,000.

Officials from the **Department of Insurance, Financial Institutions & Professional Registration** assume the Department will require one Planner II to implement the Start-up Grants for Non-profit Broker Organizations. The Planner II will be responsible for administering the grant process. The position will also participate in creating eligibility, rating and selection criteria and rule development. It is assumed the Planner II will be funded by General Revenue.

The Department will need appropriation of $100,000 from General Revenue to distribute the start-up grants.

It is unknown how many high deductible policies are sold currently or will be in the future, there the potential impact to premium tax is unknown.

The Department believe existing staff can implement other provisions of the proposal impacting the Department. However, if the workload is such to require additional staff, additional staff and appropriation will be requested through the budget process.

According to the Missouri Health Insurance Pool, while there could be a broadening of eligibility to the pool, the cost of the preexisting changes on pool costs is unknown and would depend upon the number of applications processed with a preexisting condition exclusion.

Officials from the **Department of Social Services - Human Resource Center** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Social Services - Division of Legal Services (DSS-DLS)** estimates that 10% of participants request hearings on an annual basis. Thus, for each year the amount of hearings added would be:

FY09 0
FY10 329

ASSUMPTION (continued)

FY11 134
FY12 116
FY13 237
FY14 83

It is assumed that a benefits hearing officer can handle 900 hearings per year. Therefore, it is assumed that by full implantation in FY14, a fiscal impact of 1 hearing officer. It is also assumed that any rulemaking that would need to be done would be handled by the MO HealthNet Division and should be reflected in their fiscal note.

Oversight assumes the DSS-DLS could absorb one hearing officer FTE.

Officials from the **Department of Social Services - Division of Youth Services (DSS-DYS)** states since Section 167.720 is not effective until July 1, 2011, thus the Division assumes zero fiscal impact through FY11. The Division will require 12 Academic Teacher III FTE's for FY12.

Officials from the **Department of Social Services - Information Technology Services Division (DSS-ITSD)** assumes the following fiscal impact to the Division:

Legacy Costs: Contractors: 7896 hours X $75 per hours = $592,200

FAMIS Costs: Contractors: 1360 hours X $89 per hours = $121,040

Total = $713,240

Officials from the **Department of Social Services - Family Services Division (DSS-FSD)** states the following:

Based on information gathered from 2006 Census Bureau, and if funds were appropriated to cover this at 100%, FSD has determined there would be 268,272 new participants for this program. These participants would be phased in over a period of six years, as outlined below.

The FSD fiscal note is based on determining the income eligibility only. The cost to manage the health care accounts, determining the amount of the cost share for each person, and determining at which point benefits will become available after the cost share is met will be funded through MO HealthNet Division's fiscal note and budget.

ASSUMPTION (continued)

To manage the new caseload, FSD will use a variety of methods, such as a call center or other automated services. Below is an estimate of the cost to implement with staff and the cost to implement without staff by implementing a call center and investing in technology such as on-line applications.

PHASE I:
The first phase, to be implemented 7/1/08, would provide health care for 54,500 custodial parents. These are custodial parents already known to FSD as their children are currently receiving MO HealthNet benefits. FSD would not see an increase in caseload size due to these participants.

FSD estimates FAMIS cost of 3000 hours @ blended rate of $89/hour to coordinate with the Missouri Health cabinet to engage in any activities that will implement improved collaboration of agencies in order to create, manage, and promote coordinated policies, programs and service-delivery systems that support improved health outcomes. Total FAMIS cost estimated $267,000 (3000 hours x $89/hour). This cost would be incurred as a one-time cost for the first phase.

PHASE II:
The second phase, to be implemented 7/1/09, would provide health care for 32,876 non-custodial parents under 100% FPL.

Based on 32,876 additional cases, and a 243 caseload standard, FSD would need 135 new Eligibility Specialists (32,876/243 = 135).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, FSD would need 14 new Eligibility Supervisors (135/10 = 13.5, rounded up to 14).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Clerical Staff, we would need an additional 25 clerical staff, with 19 OSA and 6 SOSA. (135+ 14 = 149 ÷ 6 = 24.83, rounded up to 25. 29 x 75% = 22 OSA; 29 - 22 = 7 SOSA.

Total new FTE for 2nd phase: 135 + 14 + 25 = 174

PHASE III:
The third phase, to be implemented 1/1/2011, would provide health care to 26,724 adults. FSD anticipates that 50% of these would be custodial parents and known to FSD. 26,724 x 50% = 13,362. There would be 13,362 new cases.

ASSUMPTION (continued)

Based on 13,362 additional cases, and 243 caseload standard, FSD would need 55 new Eligibility Specialists (13,362 /243 = 54.98, rounded up to 55).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, FSD would need 6 new Eligibility Supervisors (55/10 = 5.5, rounded up to 6).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, we would need an additional 16 professional support staff, with 12 OSA and 4 SOSA. (55 + 6 = 61 ÷ 6 = 10.16 rounded down to 10. 10 x 75% = 7 OSA; 10-7 = 3 SOSA.

Total new FTE for 3rd phase: 55 + 6 + 10 = 71

PHASE IV:
The fourth phase, to be implemented 1/1/2012, would provide health care to 23,221 adults. FSD anticipates 50% of these would be custodial parents and known to FSD. 23,221x 50% = 11,610.5. There would be 16,611 new cases.

Based on 11,611 additional cases, and 243 caseload standard, FSD would need 48 new Eligibility Specialists (11,611/243 = 48).

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, FSD would need 7 new Eligibility Supervisors (48/10 = 4.8, rounded up to 5).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, we would need an additional 14 professional support staff, with 11 OSA and 3 SOSA. (48 + 5 = 53 ÷ 6 = 8.833 Rounded to 9 9 x 75% = 7 OSA; 9-7 = 2 SOSA.

Total new FTE for 4th phase: 48 + 5 + 9 = 68

PHASE V:
The fifth phase, to be implemented 1/1/2013, would provide health care to 47,353 adults. FSD anticipates 50% of these would be custodial parents and already known to FSD. 47,353 x 50% = 23,677. There would be 23,677 new cases.

Based on 23,677additional cases, and 243 caseload standard, FSD would need 97 new Eligibility Specialists.

On a 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, FSD would need 10 new

ASSUMPTION (continued)

Eligibility Supervisors (97/10 = 9.7).

On a ratio of 6-1 Eligibility Specialist/Supervisor to Professional Staff, we would need an additional 18 professional support staff, with 14 OSA and 4 SOSA. (97 + 10 ÷ 6 = 17.8. Rounded up to 18 x 75% = 14 OSA; 18-14 = 4 SOSA.

Total new FTE for the 5th phase: 97 + 10 + 18 = 125

PHASE VI:
The sixth phase, to be implemented 1/1/2014, would provide health care to 16,514 adults. FSD anticipates 50% of these would be custodial parents and known to FSD. 16,514 x 50% = 8,257. There would be 8,257new cases.

Based on 8,257additional cases, and 243 caseload standard, FSD would need 34 new Eligibility Specialists.

On 10-1 ratio, Eligibility Specialist to Eligibility Supervisor, FSD would need 3 new Eligibility Supervisors (34/10 = 3.4, rounded down to 3).

On a ratio of 6-1 Eligibility Specialist/Eligibility Supervisor to Professional Staff, we would need an additional 10 professional support staff, with 8 OSA and 2 SOSA. (34+ 3 ÷ 6 = 6.16 rounded down to 6. 10 x 75% = 5 OSA; 6-5 = 1 SOSA.

Total new FTE for the 6th phase: 34 + 3 + 6 = 43

Total Cost:
The total cost by phase by fiscal year if implemented with staff or staff equipment is $267,000 for FY09, $9,714,777 for FY10 and $10,893,089 for FY11.

However, the Division believes that with the implementation of a call center at $6,078,049 annually with a one-time start-up cost in FY 09 of $1,487,069 and investing 20% of the staffing cost into technology, the Division can absorb these cases with existing staff. Therefore the Division is projecting the following fiscal: $1,754,069 for FY09, $8,021,005 for FY10 and $8,256,667 in FY11.

Officials from the **Department of Social Services -MO HealthNet Division (DSS-MHD)** states the following:

ASSUMPTION (continued)

Section 26.853 Missouri Health Cabinet:
It is assumed that the DSS will provide equipment and expense funds in the amount of $750,000 annually. These funds will cover the cost to contract any data assistance, surveys, research and reporting requirements of the Cabinet.

Section 191.1250 to 191.1277 Telehealth:
MHD currently uses Telehealth. No increased costs are anticipated due to this provision.

Sections 197.850 to 197.880 Hospitals and Ambulatory Surgical Centers:
There will be no fiscal impact in the three years of this fiscal note but the impact will begin in FY 2012 at a cost that is unknown but greater than $100,000 annually.

Section 208.005 Preventive Benefits:
The MHD currently provides coverage for these benefits therefore there will be no fiscal impact.

Section 208.149 Preventable Medical Errors
This section prohibits the MHD from reimbursing providers for the treatment of preventable errors. It is assumed that the provider will not be able to bill the injured patient for the preventable medical error. In addition, MHD must compile a list of preventable medical errors. It is assumed that MHD's policy will mirror Medicare's policy.

In order to identify the claims that are for preventable medical errors the MHD will either develop and implement an in-house process, contract out the process or develop a method that is a combination of these methods whichever is most cost efficient.

An in-house process would require the MMIS section of MHD to coordinate with the MHD fiscal agent to program the claims payment system to deny payment for claims that should not be paid. There will be unknown programming costs for the fiscal agent.

In addition, programming will be needed to identify and report suspect claims that were not denied based on the new edits. The report would be reviewed by the Program Integrity Unit (PIU) to identify additional claims that were not identified by the edits. There would be a need for one additional Nurse III staff in PIU for this function.

If this process is contracted out MHD assumes the fee would be less than $500,000 based on other contracts that provide similar services.

ASSUMPTION (continued)

The exact system that MHD will use is not known and the potential cost savings is not known. Therefore, the estimated cost will be a range of $100,000 to $500,000.

Section 208.152.1(19) Therapy Services and Electronic Prior Authorization System:
Cost for this section includes the program cost annually plus a one time cost of $100,000 to modify the information in the existing prior authorization system to include therapy services. FY09 (10 months) $6,078,210 ($2,237,389 GR); FY10 $7,496,669 ($2,759,524 GR); FY11 $7,834,019 ($2,883,702 GR).

Total cost for this legislation excluding Insure Missouri (Section 208.1303) is:
FY09 $6,928,210 to $7,328,210 ($2,649,199 to $2,796,439 GR); FY10 $8,346,669 to $8,746,669 ($3,171,334 to $3,318,574 GR); FY11 $8,684,019 to $9,084,019 ($3,295,512 to $3,442,752 GR).

Section 208.1303 - 208.1345 Insure Missouri:

Number of Participants - This legislation provides health care coverage for adults up to 225% of the federal poverty level (FPL). Custodial Parents Under 100% of FPL - 54,500; Noncustodial Parents Under 100% of FPL - 32,876; Adults from 100% to 125% of FPL - 26,724; Adults from 125% to 150% of FPL - 23,221; Adults from 150% to 200% of FPL - 47,353; and Adults from 200% to 225% of FPL - 16,514.

Custodial parents below 100% of the FPL were determined from the number of parents who had earned income with children covered by MO HealthNet for Kids. The remaining participants are based on 2006 Census Bureau estimates of the number of uninsured in Missouri that were working. Approximately 53% of the uninsured are estimated to be childless adults. To determine the number of childless adults below 100% of the FPL, the Census Bureau estimate of working uninsured below 100% of the FPL was multiplied by 53%. The other categories of adults are based on actual Census Bureau estimates for each of the percent of poverty ranges. Total participants are 201,188.

Calculation of Costs - Costs are based on a distribution of claims by size of claim. Average claim amounts for each distribution group were multiplied by the percentage distribution and the number of estimated participants. Claim amounts were reduced to reflect the provision of preventive care to the participant. The proposal allows for the first $500 of preventive care to be provided at no cost to the participant. MHD used the average claim amount of $253 from the claim grouping "less than $500". It was assumed due to the low cost, these claims represented

ASSUMPTION (continued)

preventive care. It was further assumed that on average, not all participants would use the full $500 and the $253 represented a good estimate of preventive care.

An example of the calculation using the $500 to $1,000 claim group follows:

- People in this group had 11.71% of all claims.
- The average claim for this group was $799.
- When reduced by the cost of preventive care, the remaining cost of $546 was multiplied by each participant's group.
- This means the formula is: 54,500 custodial parents x 11.71% x $546 = $3,483,926 in cost to be shared between the insured and the state. The per member per year cost for both the insured and the state combined is $3,896, or $325 per month.

Distribution of Costs between Insured and State - Custodial parents below 100% of the FPL contribute to their cost of care through co-pays. Co-pays of $25 per year were assumed. Childless adults below 100% of the FPL are required to contribute 1% of the individual's annual income. All other adults above 100% of the FPL are required contribute to a Health Care Account based on the individuals annual income range. The maximum contribution is $1,000 per year. If the participant's required contribution is less than the $1,000 maximum, the state will make up the difference. The contribution by the participant is based on the lowest percentage of poverty for each group.

Total Cost - Costs are shown cumulatively based on the implementation dates including 6.15% inflation per year. The inflation is based on the Center for Medicare and Medicaid National Health Expenditure Index. The following take-up rates were used 1) custodial parents below 100%--100% take-up, 2) childless adults below 100%--85% take-up and 3) all other categories-65% take-up.

The cost to the insured has been reduced by the amount of SCHIP premium collections. The proposal allows the insured to reduce the contribution to the Health Care Account by payments made to MO HealthNet, SCHIP and Medicare. This will require the offset for the SCHIP premiums to be paid by the state. No payments were considered for MO HealthNet or Medicare. The cost of the insured has also been adjusted to recognize the federal 5% of income cost sharing limit. When determining the annual contribution to the health care account there were three scenarios considered: 1) the household has one adult, 2) the household has two adults and one adult is uninsured, and 3) the household has two adults and both are uninsured. For the first two categories the 5% limit is not applicable. However, for households with two uninsured adults, two separate contributions to the health care account would, in some cases, exceed the federal

ASSUMPTION (continued)

5% limit. The cost estimate assumes 32.1% of the working uninsured with a health care account are in a household of one. For households with two adults, 39.6% had one uninsured adult. In 28.3% of the households, both adults were uninsured. The distribution of two-adult households is based on a 1996 Census Bureau medical expenditure panel survey (MEPS). The source of the state share is a combination of General Revenue and Federal Reimbursement Allowance dollars.

The fiscal impact is $210,944,970 in FY09, $358,590,796 in FY10 and $437,258,329 in FY11.

Officials from the **Department of Highways and Transportation**, **Missouri House of Representatives** and the **Office of the Lieutenant Governor** have not responded to Oversight's request for fiscal information.

FISCAL IMPACT - State Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
Costs - Department of Mental Health			
Director Participation Costs on the Council	($2,137)	($2,641)	($2,720)
Program Costs	(Unknown)	(Unknown)	(Unknown)
Total Costs - DMH	($2,137 to Unknown)	($2,641 to Unknown)	($2,720 to Unknown)
Costs - Department of Revenue			
Personal Services	($259,385)	($320,600)	($330,218)
Fringe Benefits	($102,858)	($127,133)	($130,946)
Equipment and Expense	($68,922)	($11,829)	($12,184)
Total Costs - DOR	($431,165)	($459,562)	($473,348)
FTE Change - DOR	15 FTE	15 FTE	15 FTE
Costs - Missouri Consolidated Health Care Plan			
Preventive Services Costs	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
Costs - Department of Health and Senior Services			
Personal Services	(Unknown but Greater than $10,000,000)	(Unknown but Greater than $13,000,000)	(Unknown but Greater than $13,000,000)
Fringe Benefits	(Unknown but Greater than $4,000,000)	(Unknown but Greater than $6,000,000)	(Unknown but Greater than $6,000,000)
Equipment and Expense	(Unknown but Greater than $3,000,000)	(Unknown but Greater than $2,000,000)	(Unknown but Greater than $2,000,000)
Program Costs	(Unknown but Greater than $18,000,000)	(Unknown but Greater than $17,000,000)	(Unknown but Greater than $18,000,000)
Total Costs - DHSS	(Unknown but Greater than $35,000,000)	(Unknown but Greater than $38,000,000)	(Unknown but Greater than $39,000,000)
FTE Change - DHSS	Unknown	Unknown	Unknown
Costs - Department of Insurance, Financial Institutions & Professional Registration			
Personal Services	($32,249)	($39,860)	($41,056)
Fringe Benefits	($14,261)	($17,626)	($18,155)
Equipment and Expense	($4,857)	($3,708)	($3,818)
Program Costs	(Unknown)	(Unknown)	(Unknown)
Total Costs - DIFP	($51,367 to Unknown)	($61,194 to Unknown)	($63,029 to Unknown)
FTE Change - DIFP	1 FTE	1 FTE	1 FTE

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
Costs - Department of Social Services			
Personal Services - DYS	$0	$0	($471,471)
Fringe Benefits - DYS	$0	$0	($208,485)
Equipment and Expense - DYS	$0	$0	($83,427)
Program Costs - ITSD	($684,190)	$0	$0
Program Costs - FSD	($957,680)	($4,340,120)	($4,457,951)
Program Costs - MHD	($2,649,199 to $2,796,439)	($3,171,334 to $3,318,574)	($3,295,512 to $3,442,752)
Program Costs - MHD Insure Missouri	($46,800,000)	($46,800,000)	($46,800,000)
Total Costs - DSS	($51,091,069 to $51,238,309)	($54,311,454 to $54,458,694)	($55,316,846 to $55,464,086)
FTE Change - DSS	0 FTE	0 FTE	12 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Unknown but Greater than $86,675,738)	(Unknown but Greater than $92,934,851)	(Unknown but Greater than $94,955,943)
Estimated Net FTE Change for General Revenue Fund	Unknown	Unknown	Unknown

RIGHT TO KNOW TRUST FUND

Costs - Department of Health and Senior Services			
Program Costs	$0 to ($5,000,000)	$0 to ($5,000,000)	$0 to ($5,000,000)
ESTIMATED NET EFFECT ON RIGHT TO KNOW TRUST FUND	**$0 to ($5,000,000)**	**$0 to ($5,000,000)**	**$0 to ($5,000,000)**

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
TOBACCO USE PREVENTION, CESSATION AND ENFORCEMENT TRUST FUND			
Income - Department of Health and Senior Services			
Revenue from Strategic Contribution Payments	$13,000,000	$13,000,000	$13,000,000
Costs - Department of Health and Senior Services			
Personal Services	($69,051)	($85,347)	($87,908)
Fringe Benefits	($30,534)	($37,740)	($38,873)
Equipment and Expense	($21,141)	($10,918)	($11,246)
Program Costs	($379,274)	($365,995)	($361,973)
Quitline Program	($2,000,000)	($2,000,000)	($2,000,000)
Community-Based Grants	($7,500,000)	($7,500,000)	($7,500,000)
County Law Enforcement Grants	($3,000,000)	($3,000,000)	($3,000,000)
Total Costs - DHSS	($13,000,000)	($13,000,000)	($13,000,000)
FTE Change - DHSS	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON TOBACCO USE PREVENTION, CESSATION AND ENFORCEMENT TRUST FUND	**$0**	**$0**	**$0**
Estimated Net FTE Change for Tobacco Use Prevention, Cessation and Enforcement Fund	2 FTE	2 FTE	2 FTE

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
FEDERAL REIMBURSEMENT ALLOWANCE FUND			
Costs - Department of Social Services			
Program Costs - MHD Insure Missouri	($31,249,639)	($85,878,594)	($114,985,582)
ESTIMATED NET EFFECT ON FEDERAL REIMBURSEMENT ALLOWANCE FUND	**($31,249,639)**	**($85,878,594)**	**($114,985,582)**
COUNTY STOCK/FOREIGN FUND			
Costs - Department of Insurance, Financial Institutions & Professional Registration			
Program Costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON COUNTY STOCK/FOREIGN FUND	**(Unknown)**	**(Unknown)**	**(Unknown)**
FEDERAL FUNDS			
Income - Department of Health and Senior Services			
Federal Assistance	$152,663	$169,199	$174,275
Income - Department of Social Services			
Federal Assistance	$137,999,781 to $138,252,541	$234,768,421 to $235,021,181	$284,659,970 to $284,912,730
Losses - Department of Mental Health			
Loss of Federal Funding	($2,325,388 to Unknown)	($2,325,388 to Unknown)	($2,325,388 to Unknown)

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
Costs - Department of Health and Senior Services			
Personal Services	($61,831)	($76,423)	($78,716)
Fringe Benefits	($27,985)	($34,589)	($35,627)
Equipment and Expense	($39,495)	($29,324)	($30,203)
Program Costs	($23,352)	($28,863)	($29,729)
Total Costs - DHSS	($152,663)	($169,199)	($174,275)
FTE Change - DHSS	2.3 FTE	2.3 FTE	2.3 FTE
Cost - Department of Social Services			
Program Costs - ITSD	($29,050)	$0	$0
Program Costs - FSD	($796,389)	($3,680,885)	($3,798,716)
Program Costs - MHD	($4,279,011 to $4,531,771)	($5,175,335 to $5,428,095)	($5,388,507 to $5,641,267)
Program Costs - MHD Insure Missouri	($132,895,331)	($225,912,201)	($275,472,747)
Total Costs - DSS	($137,999,781 to $138,252,541)	($234,768,421 to $235,021,181)	($284,659,970 to $284,912,730)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**($2,325,388 to Unknown)**	**($2,325,388 to Unknown)**	**($2,325,388 to Unknown)**
Estimated Net FTE Change for Federal Funds	2.3 FTE	2.3 FTE	2.3 FTE

FISCAL IMPACT - Local Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
POLITICAL SUBDIVISIONS			
Income - Community-Based Groups	$3,500,000	$3,500,000	$3,500,000
Income - School Districts	$4,000,000	$4,000,000	$4,000,000
Income - County Law Enforcement	$3,000,000	$3,000,000	$3,000,000
Costs - School Districts Section 167.720 Costs	(Unknown but Greater than $1,000,000)	(Unknown but Greater than $1,000,000)	(Unknown but Greater than $1,000,000)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (Unknown)**

FISCAL IMPACT - Small Business

Small provider offices will likely see an increase in the number of clients/patients they see resulting in an increase in reimbursements and co-pays collected.

All hospitals and ambulatory surgical centers (ASC) will be required to pay a surcharge on their annual license fee to fund the operations of the Right To Know Committee. The legislation would allow the total assessed to all hospitals and ASCs to be up to $5 million annually. It is possible that hospitals and ASCs could also incur administrative penalties if they do not pay their assessed surcharge in a timely manner. All hospitals and ASCs would be required to implement a right to know plan and have a right to know committee.

Telehealth practitioners would be required to use electronic medical records. This may require small medical business to purchase computer equipment compatible with the electronic medical records required in Section 191.1277. These systems can be very expensive.

FISCAL DESCRIPTION

The proposed legislation establishes the Missouri Health Transformation Act of 2008.

MINIMUM HEALTH PROMOTION STANDARD FOR STATE BUILDINGS:
This legislation requires the Office of Administration, in consultation with the Department of Health and Senior Services to submit a report to the Governor and General Assembly by December 31 2008, detailing the opportunities for the state to implement a minimum health promotion standard for construction or substantial renovation of a state building. SECTION 8.365

HEALTH REVIEW IN THE LEGISLATIVE FISCAL NOTE PROCESS:
Under current law, the Oversight Division of the Committee on Legislative Research prepares, except for appropriation bills, a fiscal note for all legislation from the General Assembly before being acted upon. The information includes the cost of the legislation to the state. This legislation requires the Oversight Division to also submit in the fiscal note, information on how the legislation will impact the health of the citizens in this state. SECTION 23.140

HEALTH CABINET AND HEALTH POLICY COUNCIL:
This legislation creates the Missouri Health Cabinet. The cabinet shall ensure that the public policy of the state relating to health is developed to promote interdepartmental collaboration and program implementation in order that services designed for health are planned, managed, and delivered in a holistic and integrated manner to improve the health of Missourians.

The cabinet is created in the executive office of the Governor and shall meet for its first organizational session no later than October 1, 2008. Thereafter the cabinet shall meet at least six times each year in the different regions of the stats in order to solicit input from the public. The cabinet shall consist of seven members, including the Governor, the director of the Departments of Health and Senior Services, Mental Health, Insurance, Financial Institutions and Professional Registration and the Commissioner of Education. The President Pro Tem of the Senate, the Speaker of the House, the chief justice of the Supreme Court, the Attorney General, the Commissioner of the Office of Administration and the Director of Agriculture, or their appointed designees shall serve as ex officio members of the cabinet.

The Governor shall appoint a Health Policy Council to assist the cabinet in its tasks. The council shall replace the MO HealthNet Oversight Committee and the State Boards of Health and Senior Services, which are repealed under the legislation. The members of the council shall consist of representatives from the health care or health policy field. SECTIONS 26.850 TO 26.856

FISCAL DESCRIPTION (continued)

REPORT ON SHIFTING DEMOGRAPHICS:
The Lieutenant Governor, in his or her capacity as the senior advocate for the state, shall coordinate with all the directors of the departments in this state to review their major policies, programs, and structures in light of the state's increasingly older and more diverse population. A policy brief shall be submitted to the Governor and General Assembly by July 1, 2009, and shall highlight critical functions or issue areas that would be affected by shifting demographics and how such issues should be addressed within the next ten years. SECTION 26.900

TAX CREDITS AND DEDUCTIONS:
This legislation provides a tax credit to small employers who do not provide health care coverage for their employees for the contributions they make to their employee's health savings accounts. The amount of the tax credit shall not exceed the actual amount contributed to the employee's account or $500, whichever is less. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the taxable year for which the credit is claimed, and such taxpayer shall not be allowed to claim a tax credit in excess of $25,000 per taxable year. The tax credit may be carried over to the next 4 succeeding taxable years. SECTION 103.185

This legislation increases the amount of tax credits available for taxpayers who modify their home to be accessible for disabled people who reside with such taxpayer. Under current law, up to one hundred thousand dollars in tax credits remaining unused under the rebuilding communities tax credit program are allocated for use by taxpayers who modify their homes for disabled persons residing with such taxpayers. This legislation increases the amount of available tax credits by allocating all unused tax credits under the rebuilding communities tax credit program for use by taxpayers who modify their homes for disabled persons residing with such taxpayers. The rebuilding communities tax credit program is capped at ten million dollars annually. Constructing additional rooms in the dwelling or a new structure on the property are added as a new eligible cost for which the tax credit may be claimed. SECTIONS 135.535 AND 135.562

This legislation also authorizes a tax credit in an amount equal to the lesser of the actual expenses incurred in purchasing and installing health information technology or five thousand dollars. SECTION 135.675

This legislation provides an income tax deduction in the amount equal to 100% of the premium paid by the taxpayer during the taxable year for high deductible health plans established and used with a health savings account under the applicable provisions of the Internal Revenue Code to the extent the amount is not deducted on the taxpayer's federal income tax return for that taxable year. SECTIONS 1143.116 AND 143.121

SEC:LR:OD (12/06)

FISCAL DESCRIPTION (continued)

Under this legislation, every insurance company is exempt from paying premium taxes provided on premiums paid by Missouri residents for high deductible health plans sold or maintained in connection with a health savings account. SECTION 148.372

PHYSICAL EDUCATION:
This legislation requires school districts to comply with physical education requirements by July 1, 2011. Students in kindergarten through grade twelve must participate in daily physical education for the entire school year. Elementary schools will have at least one hundred fifty minutes of physical education per week while middle and high schools will have at least two hundred twenty-five minutes per week. SECTION 167.720

MISSOURI HEALTHY WORKPLACE RECOGNITION PROGRAM:
This legislation requires the Department of Health and Senior Services to develop the Missouri Healthy Workplace Recognition Program for the purpose of granting official state recognition to employers with more than fifty employees for excellence in promoting health, wellness, and prevention. The criteria for awarding such recognition shall include at a minimum whether the employer offers workplace wellness programs; incentives for healthier lifestyles; opportunities for active community involvement and exercise, and encouragement of well visits with health care providers. SECTION 191.1025

INTERNET WEB-BASED PRIMARY CARE ACCESS PILOT PROJECT:
This legislation requires the Department of Health and Senior Services to award a grant to implement an internet web-based primary care access pilot project designed as a collaboration between private and public sectors to connect, where appropriate, a patient with a primary care medical home, and schedule patients into available community-based appointments as an alternative to non-emergency use of the hospital emergency room. The criteria for the grant are specified in the act. SECTION 191.1200

TELEHEALTH:
This legislation expresses the state's recognition of the delivery of health care via telehealth as a safe, practical and necessary practice in the state. By January 1, 2009, the Department of Health and Senior Services shall promulgate quality control rules to be used in removing and improving the service of telehealth practitioners. SECTIONS 191.1250 to 191.1277

COMMUNITY AND FAITH-BASED ORGANIZATIONS:
This legislation requires the Office of Minority Health and the Department of Social Services, through its faith-based liaison, to solicit proposals from such community programs and organizations to develop solutions regarding health and wellness SECTIONS 192.083 & 660.750

SEC:LR:OD (12/06)

FISCAL DESCRIPTION (continued)

TOBACCO USE PREVENTION, AND CESSATION FUND:
This legislation creates the tobacco use prevention and cessation fund. Beginning fiscal year 2009, payments received from the strategic contribution fund will be deposited into the newly created fund to be used to fund tobacco prevention and cessation programs. SECTION 196.1200

ADVERSE HEALTH EVENTS:
Under this legislation, all licensed hospitals and ambulatory surgical centers must submit reports of serious events and incidents to the Right to Know Committee, which is created under the legislation. The committee will analyze the collected data to identify trends and recommend changes in healthcare practices and procedures that may be instituted to reduce the number and severity of future serious events and incidents. In addition, the committee will provide individual facilities with detailed reports analyzing data related to their specific facilities or to certain geographic regions and the state as a whole. SECTIONS 197.850 TO 197.880

MO HEALTHNET:
As of July 1, 2009, the MO HealthNet Division shall no longer reimburse health care providers for the treatment of preventable errors, injuries and infections that occur under the providers' care. By December 31, 2008, the Division shall compile a list of such errors, injuries and infections. SECTION 208.149

Prescribed medically necessary therapy services, including physical, occupational, and speech therapy, shall be covered under the Mo HealthNet program. SECTION 208.152.

This legislation also establishes the Insure Missouri program to administered by the Department of Social Services. SECTIONS 208. 1300 to 208.1345

PREVENTIVE SERVICES:
Beginning July 1, 2009, the Missouri consolidated health care plan shall include, as part of its covered benefits, all of the preventive benefits recommended by the federal U.S. Preventive Services Task Force. In addition, on that date, health care services provided under the MO HealthNet program shall cover the same preventive benefits. SECTIONS 103.185 and 208.005

HEALTH INSURANCE:
The Department of Insurance, Financial Institutions and Professional Registration shall administer a grant program to assist the start-up of non-profit broker organizations. Eligible participants shall apply to the Department for a grant, using a competitive application process prescribed by the Department. The Department shall award grants not to exceed twenty-five thousand dollars per applicant, with the maximum cumulative total of grants issued per fiscal

FISCAL DESCRIPTION (continued)

year not to exceed one hundred thousand dollars. The Department shall establish eligibility and give preference to applicants who demonstrate the ability to enhance representation of low-cost health insurance coverage models in the market. This program shall expire in years unless re-authorized by the General Assembly. SECTION 376.025

This legislation modifies the provisions of Missouri's high risk pool to provide that the twelve-month preexisting condition exclusion period shall not apply for coverage if the person applying for pool coverage has at least three months of uninterrupted prior insurance coverage, so long as the application for pool coverage is made not later than sixty-three days following the loss of such health insurance coverage. SECTION 376.986

Under this legislation, the director of Insurance, Financial Institutions and Professional Registration is authorized to allow health reimbursement arrangement only plans that encourage employer financial support of health insurance or health related expenses recognized under the rules of the Internal Revenue Service to be approved for sale in connection with or packaged with individual health insurance policies otherwise approved by the director. SECTION 376.1600

Under this legislation, a health carrier domiciled in another state may offer, sell, or renew a health benefit plan or health insurance policy in Missouri without holding a license or certificate of authority issued by the Department of Insurance, Financial Institutions and Professional Registration. The health carrier may sell a health benefit plan within Missouri under such conditions if it meets the following criteria:

- It offers, sells, or renews a health benefit plan in this state that complies with all of the requirements of the domiciliary state applicable to the plan;

- It is authorized to issue the plan in the state where it is domiciled and to transact business there; and

- It maintains a process to resolve disputes between it and a resident of this state pertaining to the health benefit plan.

If the health carrier meets all the conditions for selling its domiciliary plan within Missouri, it may sell health benefit plans that are exempt from the provisions of Chapter 376. In addition, the health carrier shall not be required to offer or provide state-mandated health benefits required by Missouri law or regulations in health benefit plans or health insurance policies sold to Missouri residents. The health carrier shall be subject to regulation by the director with regard to enforcement of the contractual benefits under the policy or health benefit plan, including the

FISCAL DESCRIPTION (continued)

requirements regarding the prompt payment of claims for benefits and the procedure for the denial of benefits.

Each written application for participation in a health benefit plan offered by a health carrier domiciled in another state shall contain language alerting the applicant that the policy is primarily governed by the laws of another state and that the policy is subject to the rating laws of that state. Each plan or policy shall also contain a statement that the benefits of the policy or plan are governed primarily by the laws of a state other than Missouri. The statement shall notify the applicant or insured that while the plan may provide the applicant a more affordable health insurance policy, it may also provide fewer health benefits than those normally included as state mandated health benefits in policies in Missouri.

The legislation requires the director to prepare a disclosure form prior to January 1, 2009, that is easily understood and that summarizes the benefits a health benefit plan is required to include under Missouri law and regulations and the benefits that may be waived under this legislation. The applicant or the contract holder shall sign the disclosure form, specifying the benefits he or she waives and indicating that the plan has explained the contents of the disclosure and that he or she understands them, before the health benefit plan may be issued, amended, or renewed without one or more of the state-mandated health benefits. SECTIONS 376.1603 TO 376.1615

The director shall study and recommend to the General Assembly changes to remove any unnecessary application and marketing barriers that limit the entry of new health insurance products into the Missouri market. The director shall examine state statutory and regulatory requirements along with market conditions which create barriers for the entry of new health insurance products and health insurance companies. The director shall also examine proposals adopted in other states that streamline the regulatory environment to make it easier for health insurance companies to market new and existing products. The director shall submit a report of his or her findings and recommendations to each member of the General Assembly no later than January 1, 2009. SECTION 376.1618.

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

Budget and Planning Division
Office of the Attorney General
Department of Agriculture
Department of Higher Education
Office of Administration
Department of Economic Development
Department of Elementary and Secondary Education
Department of Insurance, Financial Institutions & Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Revenue
Department of Social Services
Department of Public Safety
Missouri Governor's Office
Missouri Senate
Missouri Consolidated Health Care Plan
Legislative Research-Oversight Division

Not Responding:

Department of Highways and Transportation
Missouri House of Representatives
Office of the Lieutenant Governor

Mickey Wilson, CPA

SEC:LR:OD (12/06)

Director
March 31, 2008