COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5271-10
Bill No.: HCS for SS for SCS for SB 1283
Subject: Health Care; Health, Public; Health Department; Boards, Commissions, Committees, Councils; Insurance-Medical; Insurance Department
Type: Original
Date: May 14, 2008

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

Section 191.845 will sunset in six years.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown but Greater than $60,044,653)	(Unknown but Greater than $61,994,821)	(Unknown but Greater than $68,285,368)
Total Estimated Net Effect on General Revenue Fund	**(Unknown but Greater than $60,044,653)**	**(Unknown but Greater than $61,994,821)**	**(Unknown but Greater than $68,285,368)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 41 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Tobacco Use Prevention, Cessation and Enforcement Trust Fund*	$0	$0	$0
Missouri Free Clinics Fund**	$0	$0	$0
Workers Compensation Fund	($44,718)	($54,192)	($55,817)
Second Injury Fund	(Unknown)	(Unknown)	(Unknown)
Health Care Technology	($400,000)	($400,000)	($400,000)
Insurance Dedicated Fund	$5,450	$0	$0
County Foreign Insurance Fund	($3,093,976)	($3,093,976)	($6,187,953)
Missouri Health Insurance Pool	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Federal Reimbursement Allowance Fund	($22,654,938)	($83,288,072)	($117,524,859)
Total Estimated Net Effect on Other State Funds	**(Unknown)**	**(Unknown)**	**(Unknown)**

*Income and costs of approximately $13 million would net to $0.
**Income and costs of $500,000 in FY09 would net to $0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)
Total Estimated Net Effect on All Federal Funds	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	Unknown but Greater than 10.78 FTE	Unknown but Greater than 10.78 FTE	Unknown but Greater than 10.78 FTE
Tobacco Use Prevention, Cessation and Enforcement	2 FTE	2 FTE	2 FTE
Workers Compensation	1 FTE	1 FTE	1 FTE
Federal	1.22 FTE	1.22 FTE	1.22 FTE
Total Estimated Net Effect on FTE	**Unknown but Greater than 15 FTE**	**Unknown but Greater than 15 FTE**	**Unknown but Greater than 15 FTE**

☒ 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	**$4,312,048**	**$4,312,048**	**($1,875,906)**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety**, **Missouri Senate**, **Budget and Planning Division**, **Department of Economic Development**, **Department of Higher Education**, **Legislative Research - Oversight Division**, **Missouri House of Representatives** and the **Department of Natural Resources** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a previous version of this proposal, officials from the **Missouri Governor's Office**, **Office of the Lieutenant Governor** and the **Department of Agriculture** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Missouri Health Facilities Review Committee (MHFRC)** state the following:

Section 197.305 through 197.330:
MHFRC reviewed the Certificate of Need applications and fees received over the last two years. The total amount of application fees received averaged $349,745 annually.

Based on the provisions in this proposal raising the expenditure minimum for equipment ($1.5 million) and placing a maximum on application fees for medical equipment ($5,000) and new health care facilities ($25,000), there would be a reduction in fee revenue of $192,810 annually (approximately 55%).

MHFRC also made the assumption that MHFRC would have at least four additional public hearings each year, resulting in additional expenditures. The average cost per meeting is $1200; the total increase in expenditures would be $4800.

Officials from the **Department of Labor and Industrial Relations** states Section 287.055 of the proposal states that by January 1, 2010, the Division of Workers' Compensation shall develop rules to provide a reduced workers' compensation insurance premium for hospitals that implement a "safe patient handling program." This section also requires the Division to complete an evaluation of the results of the reduced premium, including changes in claim frequency and costs and report the results of the evaluation to the appropriate committees of the General Assembly by December 1, 2013 and 2015.

ASSUMPTION (continued)

In Missouri, the workers' compensation insurance market is a competitive file and use market. Rate making and premiums determinations are regulated by the Department of Insurance, Financial Institutions and professional Registration, not the Division of Workers' Compensation. The Division of Workers' Compensation believes it does not have jurisdiction to implement the provisions of this proposal and that such implementation should be appropriately assigned to the Department of Insurance, Financial Institutions and Professional Registration.

There are 154 hospitals in Missouri according to the Missouri Hospital Association. Assuming that all hospitals would implement a safe patient handling program and become eligible for a premium reduction, and also assuming that the Division of Workers' Compensation will maintain the responsibilities outlined in section 287.055, the Division estimates it will require an Insurance Financial Analyst II to evaluate the results of the reduced premium and the impact on claims frequency and costs.

The Division also assumes that premium reductions for hospitals under this program would reduce the amount of administrative tax and Second Injury Fund surcharge realized by the Division since the tax and surcharge rates and revenue are based on the amount of annual workers' compensation premium. However, since the proposal does not set limits on the amount of premium reduction, the Division is unable to determine the amount the total state-wide premium will be reduced.

Officials from the **Office of the Attorney General (AGO)** assume that because claims for malpractice or liability may be brought against the State Legal Defense Fund, this provision will create a fiscal impact. This proposal expands the class of health care providers that are eligible for coverage (Section 105.711.2(3)(f)).

AGO assumes that costs associated to this expansion to the LEF are unknown, but under $100,000.

AGO assumes that any potential costs associated with the remaining provisions of this proposal can be absorbed with existing resources.

In response to a previous version of this proposal, officials from the **Missouri State Highway Patrol (MSHP)** assumes the proposal states that subject to appropriations, the "Insure Missouri" plan is hereby established. However, it does not specify the amount of that funding or how it would be determined.

ASSUMPTION (continued)

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 safe to assume that it would not be exactly identical to the current amount paid, though, which is why the Patrol assumes an unknown impact.

Oversight assumes any increase or decrease in the amount the state pays for employee's health insurance premium cannot be determined. Therefore, the fiscal note does not reflect any fiscal impact to the MSHP.

In response to a similar proposal from this year (SB 1015), officials at the **Office of Administration** assume this proposal decreases state tax withholdings from state employees and increases savings in FICA employer fringe. The current fringe savings is calculated by taking the current amount of health care deductions not being withheld tax free through the cafeteria plan X 7.65% for FICA match (employer share) which is equal to $550,000 in FY 2009, $1,100,000 in FY 2010 and $1,100,000 in FY 2011.

The current state tax withheld is calculated by taking the same amount X 6% state tax rate which is equal to $400,000 in FY2009, $800,000 in FY 2010, and $800,000 in FY 2011.

Officials from the **Department of Mental Health** assumes the Division of ADA will continue to receive tobacco funds per Section 196.1200. However, if the Division of ADA tobacco funds are a part of the first $5M used toward the "Tobacco Use Prevention and Cessation Trust Fund" then the cost would have an unknown impact upon the 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. At least 25% of funds shall be used for youth smoking prevention.

Section 33.103.2 (7) allows the Commissioner of Administration to deduct cafeteria plan administrative fees. DMH defers to Office of Administration to calculate fiscal impact.

Sections 191.1005 defines "insurer" to include the state of Missouri and requires significant data collection around quality and performance measures. DMH understands that both the Department of Health and Senior Services and Department of Social Services assumed they would be required to collect and report on quality and performance measures and estimated costs associated with this provision. Therefore, DMH assumes a cost of greater than $100,000 for a contract to meet the standards established in Section 191.1005.

ASSUMPTION (continued)

Provisions contained in this bill will create additional work for the Department in preparing reports (shifting demographics study). These costs cannot be quantified.

On the other hand, some provisions contained in this bill can be expected to create a savings for the Department. It is assumed that the DMH currently serve individuals who do not have health insurance and who would be eligible for services under the provisions of Sections 1 through 8 (Insure Missouri). 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, the fiscal impact (overall cost) is unknown but greater than $100,000.

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 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.

In response to a previous version of this proposal, officials from the **Department of Highways and Transportation (DHT)** assume the vast majority of the provisions in this bill will not have an impact upon DHT, Missouri State Highway Patrol (MSHP) or on the DHT/MSHP medical plan. The only provision that could have any fiscal impact on the Plan is section 191.1321. This section requires health care providers, health care facilities and health insurers to provide certain information to the Department of Health and Senior Services so that the Department has the necessary data to carry out its duties. The parameters of the data requests will be developed by DHSS through administrative rules, so it is not yet clear exactly what sort of information health insurers, including the MoDOT/MSHP medical plan, would be required to provide. However, the statute states that such information may include (but is not limited to) claims, premium, administration and financial information.

Whether or not this provision would have a fiscal impact upon the Plan would depend up the type of information requested and whether or not reports providing such information are already prepared. The Plan may be responsible for costs to vendors to prepare reports outside the parameters of their contracts.

Oversight assumes the DHT could absorb the cost of section 191.1321 related to this proposal. Oversight assumes any significant increase in the workload of the DHT would be reflected in future budget request.

ASSUMPTION (continued)

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

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

Section 148.380:
During FY 2007, the county foreign insurance fund received $97,168,230 which was distributed to the local school districts throughout the state. DESE assumes, in accordance with section 148.380, the general revenue fund also received $97,168,230. Therefore, DESE assumes the state received a total of $194,336,460 as a result of insurance premium taxes.

This proposal would take 50% of these premium taxes for FY 2009 and 2010 and distribute them to the health insurance pool. For FY 2011 and every year thereafter, 100% of the premium taxes collected would be distributed to the health insurance pool.

Oversight assumes the $97,168,230 included in the DESE response was all income deposited into the County Foreign Insurance Fund and not limited to the health related income. Therefore, Oversight assumes the fiscal impact to the local school districts is $6,187,952 in FY09 & FY10 and $12,375,906 in FY11.

Officials from the **Department of Revenue (DOR)** states the following assumptions are based upon the transfer of the debt file for hospitals and healthcare providers from the Department of Health and Senior Services (DOH) to the DOR.

The DOR will be required to notify the hospital or healthcare provider that the debtor has a refund available to offset. Releasing this information is confirmation of tax status along with information related to the return and is confidential by state and federal law. While the release of such information to the DOH is allowable under the Section 610 Agreement, to release this information to a local hospital or doctor's office would be a violation of return confidentiality. The DOR is concerned that by openly interacting with a significant number of small healthcare providers, there would be an uncontrollable amount of risk to the Department and a vast number of entities.

Upon implementation, when the DOR offsets a tax payer's refund against a hospital or other healthcare provider debt, the process of issuing the payment to the hospital will result in the payment being a vendor payment in SAM II. If the hospital or other healthcare provider has a tax

ASSUMPTION (continued)

liability with the state, the DOR will offset the payment to satisfy the tax liability. The current vendor offset program will automatically identify the tax liability and the DOR will follow the normal process to intercept the payment.

After the claim has been submitted, verified, and approved for the debt offset to begin, each claim will need to be processed in order to offset the refund and apply the proper transaction to the MINITS tax system. This process is manual due to the DOR's limited technology options at this time.

This legislation indicates that the debt is to be unpaid for greater than 90 days. It is also the DOR's assumption that an example of "assurance of payment" would be a pay plan. After consulting with the DOH, the DOR estimates 100,000 claims would be eligible for offset by hospitals and other healthcare providers.

This process would be new to the DOR and not directly related to any other function of the taxation bureau. There is currently no space available within the Division of Taxation to place the number of required employees. Therefore, floor space rental has been included in the fiscal note.

The DOR will be required to offset any withholding tax refund against any employer that is a sole proprietor that owes a debt to a hospital or other healthcare provider. This will require major system changes to the Withholding Tax System for this debt offset.

The DOR estimates 66 Tax Processing Technician I ($24,636) FTEs will be needed to handle correspondence, phone calls, process claims, returns for approximately 100,000 claims, work related to debt offset hearings, and administrative oversight of confidential release forms. The DOR figures a Tax Processing Technician I ($24,636) will be needed for every additional 15,000 contacts annually to the delinquent tax line (total 7 FTE). Six (6) Tax Processing Technician III ($36,204), two (2) Revenue Section Supervisor ($40,500), one (1) Revenue Manager Band I ($61,116), and one (1) Office Support Assistant ($23,100) FTE will be needed to supervise the section created by this new function. In addition, DOR will need one (1) Senior Counsel ($63,324) for hearings related to debt offset appeals.

The DOR believes the above estimates are the bare minimum for implementing a program of this magnitude and should the volume be more than the amounts provided, the Department will seek additional staff through the regular budget process.

ASSUMPTION (continued)

The **Office of Administration Information Technology (ITSD) DOR** will require two years to implement the provisions of this proposal. In order to complete the extensive programming necessary to comply with the debt offset provisions for hospitals and health care providers, the ITSD DOR will require two (2) Computer Information Technologist (CIT) III ($100,464) for programming of the initial program and one (1) CIT Specialist I ($54,552) for support of the program. In addition, estimated contracting of $594,720 and $713,664 will be needed in FY 09 and FY 10, respectively, and an estimated cost of $98,000 (FY 09) and $39,200 for each year thereafter to purchase necessary software.

The DOR estimates the total costs to implement and maintain the requirements outlined in this proposal to be $4,598,873 for FY 09; $4,991,918 for FY 10; and $4,403,817 for FY 11.

Oversight has, for fiscal note purposes only, changed the starting salary for the Tax Processing Technologists I, the Office Support Assistant I, the Revenue Section Supervisors, the Tax Processing Technicians III, the CITs III, and the CIT Specialist I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. In addition, **Oversight** has also reduced the starting salary for the Senior Counsel and Revenue Manager Band I to more closely reflect the salaries currently being paid to employees in those positions according to the most recent Official Manual, State of Missouri (Blue Book).

Based on discussions with DOR officials, **Oversight** is eliminating personal service costs, fringe benefits, rent, and equipment and expense for all staff (81 FTE) except the Broad Band Manager I (1 FTE), the Revenue Section Supervisors (2 FTE), CIT III (2 FTE), and CIT Specialist I (1 FTE) and rent until FY 2011. The DOR officials stated these personnel must be in place to implement the program prior to the completion of system programming. Remaining staff would be expected to be hired approximately six (6) months prior to implementation of the regulations put forth in this proposal.

In response to a previous version of this proposal, 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.

ASSUMPTION (continued)

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:
Section 26.853:
Creates the Missouri Health Cabinet to ensure that the public policy of this 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. One of the duties of the cabinet is to create a health impact statement for evaluating proposed legislation, requested appropriations, and programs. It is not stated in the legislation that the Department would be required to assist the cabinet in creating the health impact statement for each proposed legislation, but if this would be required, additional staff would be needed in the department's Governmental Policy and Review Unit and the Budget Services and Analysis Unit to meet this demand.

Section 26.859:
Eliminates the State Boards of Health and Senior Services and replaces them with the "Health Policy Council". DHSS assumes no fiscal impact for this section.

Section 191.1005:
Outlines the criteria to be used to publicly assess and compare quality and cost efficiency of health care providers. The Division of Senior and Disability Services (DSDS) assumes that if this data is reported for home and community-based services providers, that DSDS and the MO HealthNet Division would coordinate the collection, analysis, and dissemination of the data according to the criteria outlined. At this time, the Department cannot estimate the fiscal impact of this section, and therefore assumes an unknown fiscal impact.

Section 191.1008.3(1):
Requires DHSS to investigate complaints of alleged violations of this section by any person or entity other than a health carrier. If the complaint were against an individual, DHSS would have no authority. These complaints would need to be handled by the Board of Healing Arts or the Board of Nursing. Complaints against an entity could also include types of health care settings that are not currently under the regulatory charge of DHSS such as physician's offices, clinics, etc. The violations referred to in this section do not seem to be clinical or regulatory in nature. Instead, they appear to be concerned more with data disclosure.

ASSUMPTION (continued)

The DHSS is not able to determine how many complaints would be received that would require investigation, therefore the Department is unable to determine the fiscal impact of this proposal and assuming the fiscal impact to be unknown.

Section 191.1265:
This section requires the DHSS to establish a two-year pilot project in a rural area of the state that requires all health carriers to reimburse services provided through telehealth. The Department assumes that the Division of Regulation and Licensure (DRL) would have a significant role in establishing this pilot project. There is no way to determine how many telehealth practitioners there would be if the legislation were to pass. Therefore, DRL is assuming the fiscal impact to be unknown.

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. The Department assumes that the Division of Regulation and Licensure (DRL) we 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 192.083:
Requires the Office of Minority Health (OMH) to solicit proposals from community programs and organizations representing minorities to develop culturally appropriate solutions and services relating to health and wellness. It also requires OMH to solicit proposals from faith-based organizations on initiatives to educate citizens on the value of personal responsibility and wellness. Within the current budget, the office is able to approve approximately 25 community proposals each year. Assuming the office will increase their community and faith-based proposal by 25 new proposals through solicitation, additional funds will be needed. Currently the Office of Minority Health has three Health Program Representative III that work within the community and receive proposal requests for funding of activities and events. One additional Health Program Representative III would be needed to take on the additional duties to solicit for more community proposals, participate at various events, provide outreach and education within the communities on minority health issues to reduce health disparities, provide technical assistance and advice to faith-based and community organizations, and provide presentations in the community on various minority health issues. Each year we are able to approve approximately 25 community contracts. If the office adds 25 more community contracts at the estimated amount of $3,000, additional funds in the amount of $75,000 will be needed.

ASSUMPTION (continued)

Section 196.1200:
Establishes the Tobacco Use Prevention and Cessation Trust Fund, which shall be funded by the first five million dollars received from the strategic contribution payments received under the Master Settlement Agreement. 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 additional FTE will be required for the implementation of this program one Program Coordinator 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 and one Health Program Representative III 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: $2.5 million will provide grants to community-based groups and $1.361 million will provide grants to school districts. These programs are to provide individual and group cessation and/or prevention counseling for youth.

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 $5 million.

Section 197.554.3:
Requires hospitals to report any serious reportable event in healthcare to the patient or the patient's legally authorized representative. The Division of Regulation and Licensure assumes that this could result in a higher number of complaints, therefore requiring additional inspections. The number of additional inspections is unknown at this time and therefore the Department assumes an unknown number of additional FTE.

Section 197.625.2:
This section indicates any licensed hospital "may" establish a safe patient handling committee and safe patient handling program. Since the creation of the committee and program are optional, the Division of Regulation and Licensure is assuming there will be no fiscal impact.

ASSUMPTION (continued)

Sections 1-12:
Specifies that one of the services covered will be personal care. The DHSS assumes the Department of Social Services 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).

Estimates provided by the Department of Social Services (DSS) on March 14, 2008, indicate the "Insure Missouri" program will cover approximately 201,188 individuals after the complete phase-in. 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 342 individuals (201,188 X .0017 = 342.02). DSDS assumes these individuals will be added in phases.

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. These standards are the basis for FTE estimates.

Phase I - Upon implementation on July 1, 2008, DSS estimates 42,222 individuals would become eligible. Applying the .17% rate for personal care, DSDS estimates 72 individuals would begin accessing these services (42,222 X .0017 = 71.77). Keeping with the previous request to reduce caseloads to 100 per worker, the division will require 1.00 Social Service Worker FTE to case manage the new eligibles as a result of this legislation (72 clients/100 = .72).

Phase II - The second phase, which begins July 1, 2009, will add an additional 45,154 individuals to the program. Again, applying the .17% rate, DSDS estimates an additional 77 individuals would access personal care services (45,154 X .0017 = 76.76). Based on the caseload standard of 100 per worker, the division will require 1.00 additional Social Service Worker FTE for a total of 2.00 (77 clients /100 = .77).

ASSUMPTION (continued)

Phase III - Upon implementation of the third phase on January 1, 2011, an additional 26,724 adults would gain eligibility under the program. Applying the .17% personal care utilization rate, an additional 45 individuals would access this care (26,724 X .0017 = 45.43). Based on the standard caseload of 100 per FTE, DSDS assumes these individuals could be absorbed into current caseloads, so no additional FTE would be needed for this phase.

Phase IV - Phase IV, which begins January 1, 2012, would add 23,221 adults. At the .17% utilization rate, 39 additional individuals would be accessing personal care services (23,221 X .0017 = 39.48). Based on the standard caseload of 100 per FTE, DSDS assumes these individuals could be absorbed into current caseloads, so no additional FTE would be needed for this phase.

Phase V - Upon implementation of Phase V on January 1, 2013, the addition of 47,353 additional adults at the .17% personal care utilization rate would result in an additional 81 clients accessing these services (47,353 X .0017 = 80.5). These additional clients would result in the need for 1.00 Social Service Worker FTE (81 clients/100 = .81).

Phase VI - On January 1, 2014, 16,514 adults will be added to the program. Based on the .17% rate, another 28 clients will access personal care services (16,514 X .0017 = 28.07). DSDS assumes these individuals could be absorbed into current caseloads, so no additional FTE would be needed for this phase.

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.

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. Therefore, since this legislation will only require 3.00 SSW FTE in total, DSDS will not request any additional supervisors or clerical staff and will absorb those duties with existing staff.

This proposal specifies the Insure Missouri plan is subject to appropriation. Since the program is subject to appropriation, the Departments assumes staff needs to implement the legislation is subject to appropriation, and therefore is represented as a range of $0 to the cost for implementation for this section.

ASSUMPTION (continued)

Division of Administration:
The additional requirements of the legislation would require the Office of General Counsel to promulgate rules for the new programs, perform contract/grant review, provide consultations, ensure adequate reporting requirements, and review of information to be disclosed. Due to this increase in workload, the OGC will need two additional mid-level staff attorneys.

Oversight has, for fiscal note purposes only, assumed this proposal will be appropriated and will reflexed the costs without a "$0 to" range.

Officials from the **Department of Insurance, Financial Institutions & Professional Registration (DIFP)** assume that the appeals process outlined in 191.1010 will be contracted. The Department currently contracts out a similar review/appeal process that is used on an as needed basis and is billed based on an hourly rate. If the cost of contracting exceeds what existing appropriation can absorb, additional authority will be requested.

DIFP estimates approximately 109 insurers would be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the Department for review along with a $50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be $5,450.

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.

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

In tax year 2006, $1,339,809,506 in premium was written by health insurers in the state. Two percent of that amount, $26,796,190 was collected in premium tax. These health insurers also wrote insurance in other lines of business. The total amount of tax credits taken by these health insurers in tax year 2006 was $54,174,527. Taking a proportion of the health insurance premium to total premium written by these insurers, $14,420,286 was deducted from the total premium collected. The net premium tax collected from health insurers in 2006 was $12,375,904. Premium tax is split 50/50 between General Revenue and the County Foreign Insurance Fund, which is later distributed to schools. The legislation proposes diverting 50% of the total premium collected from health insurers to the Missouri Health Insurance Pool in 2009 and 2010. 100% of the amount would be diverted in 2011.

ASSUMPTION (continued)

Currently all health insurers in the state are assessed for any operational shortfall in the Missouri Health Insurance Pool. The health insurers are then allowed to take a credit against premium tax for this assessment. This credit would cease to exist if the legislation is passed. The assessment in tax year 2006 was $5,846,937.

The total cost to the Missouri Health Insurance Pool under the stop-loss provisions of the proposal are currently unknown.

The Department believes 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.

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	FY10	FY11	FY12	FY13	FY14
0	329	134	116	237	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 - Research and Evaluation** state in addition to obtaining information from ITSD, Research and Evaluation Unit anticipates it will be called upon to supply data to the Department of Health and Senior Services, due to sections 191.1300 to 191.1324. This would involve writing computer programs to retrieve that data, manipulating the data into a format for transfer to the information center, interpreting the data, and maintaining those programs over time. Since the data in the information center will need to be updated periodically, Research and Evaluation anticipate this would be an ongoing responsibility.

In recent years there has been increasing demand for Medicaid related data. The Research and Evaluation Unit cannot meet additional requests for information in that area without additional staff resources. Therefore, Research and Evaluation Unit anticipates the need for one additional research analyst III to handle the task created by these sections.

ASSUMPTION (continued)

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

Section 191.1300-191.1324 DSS-ITSD states most healthcare payment information will come from Infocrossing (IFOX). IFOX processes all MO HealthNet claims for services. IFOX provides interface/extract programs when required. DSS Systems that may provide information include FAMIS, FACES, Alternative Care, Medical Services, IM, and Youth Services.

FAMIS gave an estimate of 2000 hours for an interface or extract program at a rate of $89 per hour for a total cost of $178,000.

The other systems gave an estimate of 320 hours per program at $75 per hour for a total cost of $24,000 per program (2 programmers for one month). 2 programs x 4 systems x $24,000 = $192,000

The Medical Services team would need a contractor to do the programming. They would write programs that read the Medicaid claims files and categorize the expenses, service types, etc. Some of the info would have to be obtained from the MMIS fiscal agent. Information would have to be obtained from individual providers (e.g. average charge, average net revenue per adjusted day, cost per patient day, etc.) 640 hours for two programs.
Assume two extracts per system.

FAMIS:	2 programs x $178,000 =	$356,000
	2 programs x $24,000 =	$48,000
	Total	$404,000

Accounting Splits: IM/Medicaid is 50% GR and 50% FF and FAMIS is 76% GR and 24% FF.

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.

ASSUMPTION (continued)

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.

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

ASSUMPTION (continued)

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.

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 11,611 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 = 62

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.

ASSUMPTION (continued)

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 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, $9,664,892 for FY10 and $10,841,707 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: $1,754,070 for FY09, $8,011,027 for FY10 and $8,246,390 in FY11.

ASSUMPTION (continued)

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

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 191.845 Feasibility Study:
Language states the DSS will issue a grant in the amount of $350,000. All general revenue.

Section 191.1005 Performance Reports:
Will have a fiscal impact to the MHD. MHD will have costs for a contractor to collect, compile, evaluate and compare the quality of care data. The cost for a contractor is unknown, but greater than $250,000.

Section 191.1200 Primary Care Access Pilot Project:
The General Assembly shall appropriate $400,000 from the health care technology fund to the DSS for the purpose of awarding a grant to implement an Internet web-based primary care access pilot project.

Section 192.990 Missouri Free Clinics Fund:
The DSS will disburse funds to the Missouri free clinic association to be equitably and evenly distributed to all free clinics in the state. Grant support will be limited to capacity building projects of existing clinics. This is one-time funding in the amount of $500,000 - subject to appropriation. The fiscal impact to MHD will be $0 to $500,000 since the funding is subject to appropriation.

Section 9:
MHD assumes a fiscal impact of Unknown but Greater than $1,000,000.

Section 197.590 and Section 10 Preventable Medical Errors:
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. The professional services payment committee will make recommendations to the MHD regarding standards and policies. The recommendations will be complete and issued by the committee to the MHD by December 31, 2008.

ASSUMPTION (continued)

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

Section 11 Payment of Subrogation Claims:
This will allow MHD to collect recoveries from health insurance carriers on claims that currently deny for timely filing, but were filed with the carrier within 3 years of date of service. The cost avoidance/savings is unknown but it is expected to be greater than $375,000.

Section 1 - 12 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 - 52,320; Noncustodial Parents Under 100% of FPL - 31,561; Adults from 100% to 125% of FPL - 25,655; Adults from 125% to 150% of FPL - 22,292; Adults from 150% to 200% of FPL - 45,458; Adults from 200% to 225% of FPL - 15,853; Uninsurable Adults up to 225% - 4,024; and Transitional Coverage - 4,024.

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

ASSUMPTION (continued)

adults are based on actual Census Bureau estimates for each of the percent of poverty ranges. All categories of participants have been reduced by 2% to reflect the number of participants it is assumed would not qualify for Insure Missouri because they are uninsurable. These individuals would be covered by the High Risk Pool. There are 201,187 Insure Missouri including 4,024 high risk pool participants. If the first year implementation of custodial parents was capped at 85% of FPL we estimate 40,550 participants would enroll at a cost of $154.1 million in SFY-09.

The bill provides for transitional benefits for participants in the program once their income is above 225% of FPL. This benefit is afforded to those participants without a break in services at the same premium rates established for Insure Missouri. All costs of premiums are the responsibility of participants in the transitional program. Costs were included to recognize a transitional benefit for participants up to 225% of FPL as participants are phased-in until 2014. For example the fiscal note estimates that on January 1, 2011 coverage will include adults up to 125% of FPL. However, if a participant's income increased to 130% of FPL before the next phase-in the potential exists that coverage would be suspended until the Insure Missouri phase-in schedule reached 150% of FPL on January 1, 2012. It was assumed that 2% of current participants would be in transition after 12 months on Insure Missouri. Of this amount 70% were assumed to be below 225% of FPL and costs are included in the fiscal note. The remaining 30% would be above 225% of FPL and no costs are included.

No costs have been included in this fiscal note for the uninsurable above 225% of FPL, for individual stop-loss coverage (section 376.981) or the two year small employer pilot project (section 376.983).

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. Additional costs for pregnancy-related services are recognized for pregnant women between 185% and 225% of FPL. Pregnant women below 185% of FPL are covered by MO HealthNet. Claim amounts were reduced to reflect the provision of preventive care to the participant. The bill allows for $300 of preventive care and two physician visits per year to be provided at no cost to the participant. We 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 preventive care. It was further assumed that on average, not all participants would use the full $300 and the $253 represented a good estimate of preventive care. Claims below $500 would not include a second physician visit. For participants with claims above $500 an additional $100 in preventative care was included to recognize the additional physician visit, bringing the cost to $353.

ASSUMPTION (continued)

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: 52,320 custodial parents below 100% of FPL x 11.71% x $446 = $2,786,600 in cost to be shared between the insured and the state/federal governments. The total per member per year cost is $3,896, or $325 per month for non-pregnant women categories. The total per member per year cost for the high risk pool participants is $9,739 or $812 per month.

Distribution of Costs between Insured and State/Federal Governments - All adults are required to contribute to an Insure Missouri Account based on the individual's annual income range. If the participant's required contribution is less than the amount required to cover deductibles or co-pays, the state and federal governments will make up the difference. The contribution by the participant is based on the lowest percentage of poverty for each group. See the table below for participant contribution amounts. (The contribution by the adults below 100% of FPL is based on 50% of FPL.)

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 bill allows the insured to reduce the contribution to the Health Care Account by payments made to MO HealthNet, SCHIP and Medicare. This will require an 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 three scenarios were 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 5% limit. The

ASSUMPTION (continued)

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 fiscal impact is $187,716,049 in FY09, $351,589,384 in FY10 and $444,121,241 in FY11.

FISCAL IMPACT - State Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
Savings - Office of Administration			
Fringe Benefits Not Owed By State	$550,000	$1,100,000	$1,100,000
Savings - Department of Health and Senior Services			
Registration Fees - Section 195.070	$367,200	$68,850	$68,850
Loss - Office of Administration			
State Tax Collected	($400,000)	($800,000)	($800,000)
Costs - Missouri Health Facilities Review Committee			
Application Fee Reduction	($192,810)	($192,810)	($192,810)
Meeting Costs	($4,800)	($4,800)	($4,800)
Total Costs - MHFRC	($197,610)	($197,610)	($197,610)
Costs - Office of the Attorney General			
Expansion of Coverage Costs	(Unknown but Less than $100,000)	(Unknown but Less than $100,000)	(Unknown but Less than $100,000)

FISCAL IMPACT - State Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
Costs - Department of Mental Health			
Program Costs	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)
Costs - Department of Revenue			
Personal Services	($222,113)	($274,531)	($2,308,789)
Fringe Benefits	($98,218)	($121,398)	($1,020,946)
Equipment and Expense	($774,364)	($809,573)	($942,136)
Total Costs - DOR	($1,094,695)	($1,205,502)	($4,271,871)
FTE Change - DOR	6 FTE	6 FTE	6 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)
Costs - Department of Health and Senior Services			
Personal Services	(Unknown but Greater than $123,398)	(Unknown but Greater than $170,463)	(Unknown but Greater than $175,577)
Fringe Benefits	(Unknown but Greater than $55,850)	(Unknown but Greater than $77,152)	(Unknown but Greater than $79,466)
Equipment and Expense	(Unknown but Greater than $70,063)	(Unknown but Greater than $52,018)	(Unknown but Greater than $53,578)
Program Costs - Section 191.1005	(Unknown)	(Unknown)	(Unknown)
Program Costs - Section 191.1265	(Unknown)	(Unknown)	(Unknown)
Program Costs - Section 191.1271	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)
Program Costs - Section 192.083	($62,500)	($77,250)	($79,568)

FISCAL IMPACT - State Government	FY 2009 (10 Mo.)	FY 2010	FY 2011
Costs - Department of Health and Senior Services (continued)			
Program Costs - Tobacco	($5,000,000)	($5,000,000)	($5,000,000)
Total Costs - DHSS	(Unknown but Greater than $5,411,811)	(Unknown but Greater than $5,476,883)	(Unknown but Greater than $5,488,189)
FTE Change - DHSS	Unknown but Greater than 4.08 FTE	Unknown but Greater than 4.08 FTE	Unknown but Greater than 4.08 FTE
Costs - Department of Insurance, Financial Institutions & Professional Registration			
Decrease in Tax Collections	($3,093,976)	($3,093,976)	($6,187,953)
Costs - Department of Social Services			
Personal Service - R&E	($22,565)	($27,902)	($28,739)
Fringe Benefits - R&E	($9,978)	($12,338)	($12,708)
Equipment and Expense - R&E	($742)	($216)	($223)
Program Costs - ITSD	($929,558)	$0	$0
Program Costs - FSD	($957,680)	($4,335,131)	($4,452,812)
Program Costs - MHD	(Unknown but Greater than $1,743,238)	(Unknown but Greater than $914,113)	(Unknown but Greater than $914,113)
Program Costs - MHD Insure Missouri	($46,800,000)	($46,800,000)	($46,800,000)
Total Costs - DSS	(Unknown but Greater than $50,463,761)	(Unknown but Greater than $52,089,700)	(Unknown but Greater than $52,208,595)
FTE Change - DSS	.7 FTE	.7 FTE	.7 FTE

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**(Unknown but Greater than $60,044,653)**	**(Unknown but Greater than $61,994,821)**	**(Unknown but Greater than $68,285,368)**
Estimated Net FTE Change for General Revenue Fund	Unknown but Greater than 10.78 FTE	Unknown but Greater than 10.78 FTE	Unknown but Greater than 10.78 FTE
TOBACCO USE PREVENTION, CESSATION AND ENFORCEMENT TRUST FUND			
Income - Department of Health and Senior Services			
Revenue from Strategic Contribution Payments	$5,000,000	$5,000,000	$5,000,000
Costs - Department of Health and Senior Services			
Personal Services	($70,049)	($86,160)	($88,314)
Fringe Benefits	($31,704)	($38,996)	($39,976)
Equipment and Expense	($4,871,791)	($4,842,303)	($4,838,355)
Program Costs	($26,456)	($32,541)	($33,355)
Total Costs - DHSS	($5,000,000)	($5,000,000)	($5,000,000)
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
WORKERS COMPENSATION FUND			
Costs - Department of Labor and Industrial Relations			
Personal Service	($30,256)	($37,397)	($38,519)
Fringe Benefits	($13,379)	($16,537)	($17,033)
Equipment and Expense	($1,083)	($258)	($265)
Total Costs - DOLIR	($44,718)	($54,192)	($55,817)
FTE Change - DOLIR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON WORKERS COMPENSATION FUND	**($44,718)**	**($54,192)**	**($55,817)**
Estimated Net FTE Change for Workers Compensation Fund	1 FTE	1 FTE	1 FTE
SECOND INJURY FUND			
Loss - Department of Labor and Industrial Relations			
Reduction in Surcharge and Taxes	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SECOND INJURY FUND	**(Unknown)**	**(Unknown)**	**(Unknown)**
MISSOURI FREE CLINICS FUND			
Income - Department of Social Services			
Transfer from General Revenue	$500,000	$0	$0
Costs - Department of Social Services			
Program Costs	($500,000)	$0	$0
ESTIMATED NET EFFECT ON MISSOURI FREE CLINICS FUND	**$0**	**$0**	**$0**

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
HEALTH CARE TECHNOLOGY FUND			
Costs - Department of Social Services			
Internet Pilot Program	($400,000)	($400,000)	($400,000)
ESTIMATED NET EFFECT ON HEALTH CARE TECHNOLOGY FUND	**($400,000)**	**($400,000)**	**($400,000)**
INSURANCE DEDICATED FUND			
Income - Department of Insurance, Financial Institutions & Professional Registration			
Filing Fee	$5,450	$0	$0
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	**$5,450**	**$0**	**$0**
COUNTY FOREIGN INSURANCE FUND			
Costs - Department of Insurance, Financial Institutions & Professional Registration			
Decrease in Tax Collections	($3,093,976)	($3,093,976)	($6,187,953)
ESTIMATED NET EFFECT ON COUNTY FOREIGN INSURANCE FUND	**($3,093,976)**	**($3,093,976)**	**($6,187,953)**

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
MISSOURI HEALTH INSURANCE POOL			
Incomes - Department of Insurance, Financial Institutions & Professional Registration			
Tax Collections	Unknown	Unknown	Unknown
Costs - Department of Insurance, Financial Institutions & Professional Registration			
Program Costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON MISSOURI HEALTH INSURANCE POOL	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**Unknown to (Unknown)**
FEDERAL REIMBURSEMENT ALLOWANCE FUND			
Costs - Department of Social Services			
Program Costs - MHD Insure Missouri	($22,654,938)	($83,288,072)	($117,524,859)
ESTIMATED NET EFFECT ON FEDERAL REIMBURSEMENT ALLOWANCE FUND	**($22,654,938)**	**($83,288,072)**	**($117,524,859)**

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
FEDERAL FUNDS			
Income - Department of Health and Senior Services			
Federal Assistance	$36,715	$66,404	$68,398
Income - Department of Social Services			
Federal Assistance	Unknown but Greater than $120,381,992	Unknown but Greater than $226,405,434	Unknown but Greater than $284,818,705
Losses - Department of Mental Health			
Loss of Federal Funding	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)	(Unknown but Greater than $100,000)
Costs - Department of Health and Senior Services			
Personal Services	($12,366)	($30,569)	($31,486)
Fringe Benefits	($5,597)	($13,836)	($14,251)
Equipment and Expense	($14,082)	($10,454)	($10,769)
Program Costs	($4,670)	($11,545)	($11,892)
Total Costs - DHSS	($36,715)	($66,404)	($68,398)
FTE Change - DHSS	.92 FTE	.92 FTE	.92 FTE
Cost - Department of Social Services			
Personal Services - R&E	($9,671)	($11,958)	($12,317)
Fringe Benefits - R&E	($4,276)	($5,288)	($5,446)
Equipment and Expense - R&E	($318)	($93)	($95)
Program Costs - ITSD	($120,214)	$0	$0
Program Costs - FSD	($796,390)	($3,675,896)	($3,793,578)
Program Costs - MHD	(Unknown but Greater than $1,190,012)	(Unknown but Greater than $1,210,887)	(Unknown but Greater than $1,210,887)

FISCAL IMPACT - State Government (continued)	FY 2009 (10 Mo.)	FY 2010	FY 2011
Costs - Department of Social Services (continued)			
Program Costs - MHD Insure Missouri	($118,261,111)	($221,501,312)	($279,796,382)
Total Costs - DSS	(Unknown but Greater than $120,381,992)	(Unknown but Greater than $226,405,434)	(Unknown but Greater than $284,818,705)
FTE Change - DSS	.3 FTE	.3 FTE	.3 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**	**(Unknown but Greater than $100,000)**
Estimated Net FTE Change for Federal Funds	1.22 FTE	1.22 FTE	1.22 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
Losses - School Districts			
Loss of Insurance Premium Taxes	($6,187,952)	($6,187,952)	($12,375,906)
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	**$4,312,048**	**$4,312,048**	**($1,875,906)**

FISCAL IMPACT - Small Business

Small businesses that currently provide insurance for their employees may opt to discontinue that provision with the availability of Insure Missouri. Also, small businesses that are health care providers may see a decrease in the number of delinquent accounts and an increase in the amount of reimbursement received, as more Missourians are able to obtain coverage through the program.

Small hospitals could also incur costs associated with reporting reportable incidents to the patient safety organization and completing the required root cause analysis.

FISCAL DESCRIPTION

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

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)

CAFETERIA PLAN FOR INSURANCE PREMIUMS:
Allows the Commissioner of Administration to deduct cafeteria plan administrative fees and any amount necessary for the participation in the cafeteria plan from the employee's compensation warrant, unless the employee affirmatively elects not to participate in the plan. Vendors are allowed to solicit the selection of products currently allowed to be included in cafeteria plans, on site in state facilities. SECTION 33.103

TAX CREDITS AND DEDUCTIONS:
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

LOCAL COMMUNITY HEALTH COALITIONS:
The Department of Social Services shall administer a grant in the amount of 350,000 dollars to a local government entity or local health department to be used for the establishment of a study to assess the feasibility of pilot projects in the greater St. Charles and southeast bootheel areas of the state. Any grant awarded shall be matched in equal value by the grant recipient. The pilot projects shall have the involvement of the local community health coalition to establish new approaches to expand coverage for the uninsured population in the respective communities and to create healthier populations through a single comprehensive health care plan. The program shall be administered by the Department of Health and Senior Services and shall have a six-year sunset. SECTION 191.845

TRANSPARENCY OF HEALTH CARE SERVICES:
Establishes guidelines for transparency in pricing and quality of health care services. Criteria is established for insurers to use in programs that publicly assess and compare the quality and cost efficiency of health care providers. A provider cannot decline to enter into a provider contract with an insurer solely because the insurer uses quality and cost efficiency of health care data programs.

FISCAL DESCRIPTION (continued)

A person who sells or distributes health care quality and cost efficiency data in a comparative format to the public is required to identify the source used to confirm the validity of the data and its analysis as an objective indicator of health care quality. This provision does not apply to articles or research studies that are published in peer-reviewed academic journals, nonprofit community-based organizations, or by state or local governments. The Department of Health and Senior Services is required to investigate complaints of alleged violations and is authorized to impose a penalty of up to $1,000. Alleged violations by health insurers will be investigated and enforced by the Department of Insurance, Financial Institutions, and Professional Registration. SECTIONS 191.1005 to 191.1010

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 191.1271

COMMUNITY AND FAITH-BASED ORGANIZATIONS:
This legislation requires the Office of Minority Health to solicit proposals from such community programs and organizations to develop solutions regarding health and wellness SECTIONS 192.083

MISSOURI FREE CLINICS FUND:
This legislation creates the "Missouri Free Clinics Fund" to be administered by the Department of Health and Senior Services for use by clinics in the Missouri free clinics association to increase their infrastructure and bolster their sustainability in order to serve a greater number of people in a more effective manner. For a one-time funding appropriation of 500,000 dollars from the General Assembly, the Department shall disburse funds via contracts in accordance with applicable guidelines, policies, and requirements established by the department. SECTION 192.990

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:
This legislation requires hospitals to report whenever they have a "serious reportable event in health care," as identified by the National Quality Forum. Such events include wrong-site surgery, retention of a foreign object in a patient after surgery, and death or serious disability associated with medication error.

The initial report of the event shall be reported to the patient safety organization no later than the close of business on the next business day following discovery of the incident. The initial report shall include a description of immediate actions taken by the hospital to minimize the risk of harm to patients and prevent reoccurrence. Within 45 days after the event occurred, the hospital shall submit to the patient safety organization a root cause analysis and a prevention plan.

The patient safety organization shall publish an annual report to the public on reportable incidents. The report shall show the number and rate per patient encounter by region and by category of reportable incident and may identify reportable incidents by type of facility. SECTIONS 197.551 TO 197.590

MO HEALTHNET:
Current law as to MO HealthNet eligibility was modified to reflect changes for custodial parents under 100 percent of the federal poverty level and how subject to appropriation certain earned income shall be disregarded for these participants. Individuals eligible due the disregard provision who are at least 19 years of age and less than 65 years of age shall receive health care coverage under the Insure Missouri plan, unless they are dual Medicare and Medicaid eligible or pregnant.

The Professional Services Payment Committee shall be required to review and make recommendations to the MO HealthNet Division regarding standards and policies for denying payment to a health care provider for treatment costs associated with preventable errors.

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

FISCAL DESCRIPTION (continued)

This legislation requires third party payers to honor MO HealthNet subrogation claims for up three years from the date of service and grants the MO HealthNet Division authority to collect from third party payers through subrogation of claims.

This legislation also establishes the Insure Missouri program to be administered by the Department of Social Services to provide health care coverage. The Department shall be required to apply to the United States Department of Health and Human Services for a waiver and/or a state plan amendment to implement the program.

HEALTH INSURANCE:
Under this legislation, health carriers are allowed to include wellness and health promotion programs, condition or disease management programs, health risk appraisals programs, and similar provisions in high deductible health plans or policies that comport with federal requirements, provided that such wellness and health promotion programs are approved by the Department of Insurance, Financial Institutions and Professional Registration. SECTION 376.685

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

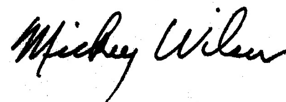
The director shall study and recommend to the General Assembly changes to remove any unnecessary application and marketing barriers that limit the entry of new health insurance products into the Missouri market. The director shall examine state statutory and regulatory requirements along with market 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.

FISCAL DESCRIPTION (continued)

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



Mickey Wilson, CPA
Director
May 14, 2008