

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0250-01
Bill No.: SB 18
Subject: Insurance - Medical; Health Dept.; Health Care
Type: Original
Date: February 4, 2009

Bill Summary: Establishes the Missouri Universal Health Assurance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$86,298)	(\$63,298)	(Unknown exceeding \$48,898)
Total Estimated Net Effect on General Revenue Fund	(\$86,298)	(\$63,298)	(Unknown exceeding \$48,898)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	\$0	\$0	Unknown to (Unknown)
Conservation	\$0	\$0	(\$2,050,000)
County Foreign/County Stock	\$0	\$0	\$0
All MoDOT	\$0	\$0	(\$16,191,750)
Professional and Practical Nursing Student Loan Program	\$0	\$0	\$0
Primary Care Resource Initiative for Missouri	\$0	\$0	\$0
Missouri Health Care Trust	(\$38,733)	(\$39,865)	(Unknown could exceed \$11,725,000,000)
Health Professional Education and Training	\$0	\$0	\$1,730,313
All Other State	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$38,733)	(\$39,865)	(Unknown could exceed \$11,725,000,000)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 21 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	\$0	\$0	\$0
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	1 FTE	1 FTE	.75 FTE
Missouri Health Care Trust	0	0	.25 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (COA) - Administrative Hearing Commission, Office of State Auditor, Office of State Treasurer, Office of the Governor, and Office of State Courts Administrator** assume the proposal will have no fiscal impact on their organizations.

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

Officials from the **Department of Higher Education (DHE)** assume that its operating costs would not be impacted by this bill and that the bill would not require the DHE to perform any additional duties.

Officials from the **COA - Division of Accounting** state the proposal indicates it is a publicly financed program to provide health care services to all residents of the state. The only offsets to a fully state funded program are the Federal Title XVIII and XIX monies received by the State. The total cost of all residents' health care is unknown.

Officials from the **Department of Public Safety (DPS) - Director's Office** are unable to determine the fiscal impact of the proposal and defer to the Missouri Consolidated Health Care Plan for response regarding any fiscal impact.

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

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

ASSUMPTION (continued)

Officials from the **Office of Attorney General (AGO)** assume, based on previous practice, that it would serve as legal advisor to the new health insurance program. The proposal creates a Board with the power to adopt rules, conduct investigations by compelling the submission of information, documents and records, and the capacity to be sued. The AGO assumes it would need one (1) Assistant Attorney General I and associated expenses to assist the Board in the rule-making process, investigating matters and in disputes before the Administrative Hearing Commission and Circuit Court of Cole County. The AGO estimates FY 10 costs of \$59,238; FY 11 costs of \$63,298; and FY 12 costs of \$65,196.

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

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

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

Officials from the **Missouri Department of Conservation (MDC)** state the proposed legislation appears to allow the Conservation Employees' Insurance Trust Fund to remain intact and, therefore, would not appear to have any fiscal impact on MDC funds. However, if MDC is forced to insure employees under the Missouri Universal Health Assurance Program, the amount

of impact would be unknown. If premiums are similar to current Missouri Consolidated Health

ASSUMPTION (continued)

Care Plan rated, the fiscal impact would be greater than \$5 million annually.

Oversight obtained additional information from the MDC. For FY 10, budgeted employee healthcare costs paid by MDC are expected to be approximately \$8.2 million. Part-year funding (3 months for FY 12) of these costs will be transferred to the Missouri Health Care Trust Fund, but has not been indexed for inflation or budgetary increases.

Officials from the **Department of Health and Senior Services (DOH)** assume the Missouri Universal Health Assurance Program will be administered by a board and central agency independent of the DOH. Therefore, there is not a fiscal impact to the DOH.

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

In addition, there is also a potential for duplication of programs provided by DOH for the education and training of health professionals through the Health Professional Education and Training Fund. DOH programs include the Professional and Practical Nursing Student Loan Program and PRIMO. The Health professional education and training budgets in DOH include \$499,752 in the Professional and Practical Nursing Student Loan Program and \$6,421,500 for PRIMO.

Oversight assumes the DOH will continue to be appropriated at least \$499,752 for the Professional and Practical Nursing Student Loan Program and \$6,421,500 for the PRIMO program. **Oversight** assumes these funds would be transferred to the Health Professional Education and Training Fund within the Missouri Universal Health Assurance Program.

Officials from the **Missouri Department of Transportation (DOT)** state the legislation establishes the Missouri Universal Assurance Program which has the purpose of providing a single, publicly financed statewide insurance program for all residents of the state. Insurers, employers, and other plans may offer benefits that do not duplicate coverage offered by the program. Although the legislation does not define the terms “insurer”, “employer”, and “other plans”, DOT assumes the legislation would apply to the MOT and Missouri State Highway

Patrol (MHP) Medical and Life Insurance plans. This would mean that the medical plan could not offer coverage for items covered under the Universal Assurance Program. It is unclear whether the

ASSUMPTION (continued)

medical plan would continue under this scenario. If the medical plan were eliminated, approximately 50% of the staff administering the medical and life insurance plans could be eliminated. This would result in a cost savings to the DOT of approximately \$233,000 per year.

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

During FY 08, DOT's state share expended for DOT employees' health plans (DOT and Missouri Consolidated) were \$52.5 million (\$10.7 million for retirees and \$41.8 million for active employees). This expenditure cannot be assumed as a cost savings to the department since DOT should still have expenditures for health plans. It is likely that the DOT would be asked to continue making a contribution to its employee and retiree health care costs. The amount the DOT could be asked to contribute cannot be determined; it could be less than, equal to, or greater than the amount it currently contributes, depending upon the cost of the Universal Assurance plan and the availability of other sources of funding. Therefore, it is unknown whether the proposal would result in an overall cost or cost savings to the DOT.

Oversight obtained additional information from the DOT. The Governor's Recommendation for FY 10 funding is approximately \$51 million for current employees and \$14 million for retirees.. Based on this information, **Oversight** assumes all Missouri Department of Transportation Funds (MoDOT funds) related to healthcare expenditures will be transferred to the Missouri Health Care Trust Fund. **Oversight** has not indexed the funds from FY 10 and further assumes 3 months of funding will be transferred in FY 12.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** assume the HCP would only provide some ancillary benefits above those required by the proposal and therefore, would

no longer have to provide most of its current benefits and consequently no longer be necessary. Assuming this program would be available to all Missourians, this bill would result in the savings of HCP's state appropriations for FY 10 minus those funds necessary to continue the designated ancillary benefits. However, due to many unknowns, such as global budgets, available funding, etc., the HCP cannot determine if these savings would offset the cost of the

ASSUMPTION (continued)

new program for its current members.

Also, the HCP currently provides coverage for approximately 2,801 members living outside of the state that would no longer be eligible for this program. The average claim cost for each member is \$359 per month. If the HCP were to continue to provide coverage for these members, any potential or similar agency, program savings would be reduced by approximately \$12,069,396. In addition, there would continue to be some administrative cost. This amount would be dependent upon the status of the organization still remaining to administer benefits for this group.

Oversight notes HCP's FY 09 appropriations request totaled approximately \$397.3 million. HCP's FY 10 appropriations request totals approximately \$503 million and the Governor has recommended approximately \$411.5 million. For the purposes of this fiscal note and because of the current downturn in the economy, **Oversight** is using the standard three percent inflation rate to determine HCP's approximate future appropriations. Therefore, there would be savings associated with the HCP's estimated appropriations of less than \$409.2 million for FY 11 and \$421.5 million for FY 12 (estimated appropriations less unknown ancillary benefit costs, administration, etc.).

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

Officials from the **University of Missouri** and **Truman State University** state there is inadequate information in the proposal to determine the fiscal impact.

Officials from the **Office of Secretary of State (SOS)** state this proposal requires the Department of Health and Senior Services to promulgate rules. These rules will be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the various agencies would require as many

as 440 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23; the estimated cost of a page in the Code of State Regulations is \$27. The actual cost could be more or less than the numbers given, but the SOS estimates total costs of \$27,060 [(660 pgs. X \$23) + (440 pgs. X \$27)] for FY 2010. The impact of this legislation in future years is

ASSUMPTION (continued)

unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

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

Officials from the **Department of Mental Health (DMH)** state Section 354.770 requires that all Title XVIII (Medicare) and Title XIX (Medicaid/MO HealthNet) collections will be deposited into the Missouri Health Care Trust Fund (MHCTF). The DMH collected \$264,524,067 in federal funds from MC+, MO HealthNet, Uncompensated Care, and Medicare in FY 2008 and deposited them in the following funds:

General Revenue	\$169,837,490
Federal	<u>\$ 94,686,577</u>
TOTAL	<u>\$264,524,067</u>

The DMH assumes that Department of Social Services (DOS) requests and receives a waiver from the Centers for Medicare and Medicaid Services for deposit of federal funds into the MHCTF on or about April 1, 2010. Therefore, the revenues for the final 3 months of FY 10 would be deposited into the MHCTF. Based on DMH's FY 10 annual revenue projection of \$273,000,000 (General Revenue and Federal funds), the 3 month amount is \$68,250,000 (FY 10 projected revenues of \$273,000,000 / 12 x 3). The loss to DMH FY 10 General Revenue collections is estimated to be \$170,000,000 in FY 11 and FY 12. General Revenue estimates are based on FY 10 DMH projections by revenue group for all DMH facilities.

The DMH is assuming that all of the above DMH collections from Medicare, MO HealthNet, and Uncompensated Care would be deposited into the Missouri Health Care Trust Fund. This does not represent a loss of funds to the state. The DMH assumes these funds would be used to

provide covered services to persons through the Missouri Health Care Trust Fund instead of through the General Revenue (GR) and Federal appropriations.

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

ASSUMPTION (continued)

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

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

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

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

The language in section 354.792.4 states that independent providers are to be reimbursed on a fee-for-service schedule using the federal Medicare reimbursement fees. Costs are expected to increase because current MO HealthNet reimbursement for non-institutional providers in many cases represents less than Medicare reimbursement fees.

For example, reimbursement made to ambulance, audiology, durable medical equipment, optical, physician and rehab treatment care providers is currently paid at less than Medicare rates and a fee increase would be needed to equal Medicare rates. An additional \$237 million is needed to bring MO HealthNet rates up to Medicare rates for these programs.

The loss of the advantage of competitively bidding managed care contracts would result in an additional cost of over \$30 to \$50 million (three to five percent of \$1 billion in FY 08 managed care payments).

Although the MHD cannot arrive at an actual dollar increase, it believes the cost will exceed \$267 million annually based on the few issues discussed above.

In order to implement these provisions, the DOS must apply for a waiver from the Centers for Medicare and Medicaid Services. Due to the time required for this process, there will not be a fiscal impact for FY 10.

ASSUMPTION (continued)

According to Section B, Section A will become effective April 1st of the year following the notice to the revisor of statutes that waivers have been obtained. It is assumed that approval of the waivers will be obtained by April 1, 2011. Therefore, the fiscal impact in FY 11 would be for 3 months. The amount of increased costs will not be known until the bidding and contract renewal process occurs. However, the MHD believes there will definitely be an increase exceeding \$66,750,000 (\$267 million/12 months X 3 months) in FY 11. For FY 12, the fiscal impact will be at least \$267,000,000.

Oversight notes DOS's assumption of April 1, 2012 as the effective date for the changes associated with this proposal (allowing for the approval of waivers from the U.S. Secretary of Health and Human Services). **Oversight** assumes all costs, savings, and transfers associated with state agencies for this proposal should be reflected in FY 2012, and adjusted to 3 months (April 1 to June 30) when appropriate.

When estimating appropriated program savings/costs for the DOS, **Oversight** used the DOS-MHD's FY 10 Governor Recommended amount. For fiscal note purposes, **Oversight** assumes the DOS-MHD would continue to be appropriated at least the same amount for FY 12.

Oversight obtained information relating to average board meeting costs. **Oversight** assumes board meetings for the Board of Governors would last 2 days each. Based on 240 miles average round trip at 41.5 cents per mile (\$100), meal expense of \$50 (including an evening meal), \$75 in hotel expense (1 night), and express mailing costs of \$47.50, **Oversight** estimates \$272.50 in expenses per board member per meeting. The Board of Governors is to be composed of 23 members and is to meet at least six (6) times per year. **Oversight** assumes Board of Governors meeting costs of \$38,733 for FY 10; \$39,895 for FY 11; and \$41,092 for FY 12.

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

for Medicare. Therefore, the estimate of Missouri's population that would be covered by the Universal Health Program is estimated to be 4.828 million (6.035 million X 80%). According to the CMS/HHS website, total health expenditures averaged \$7,026 per person in 2006, an increase of approximately 6.7% from the previous year.

Based on this information, **Oversight** assumes an average per person health care spending amount of \$9,716 ($\$7,026 \times 1.067 \times 1.067 \times 1.067 \times 1.067 \times 1.067$) by 2011. **Oversight**

ASSUMPTION (continued)

projects that total health care spending for all Missouri residents could exceed \$46.9 billion for 2011 (4.828 million residents under age 65 X \$9,716 = \$46,908,848,000).

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

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Savings - HCP</u>			
Appropriations	\$0	\$0	Unknown less than \$70,601,250
<u>Savings - DMH</u>			
Appropriations	\$0	\$0	\$0 to Unknown
<u>Savings - DOS</u>			
Appropriated program costs - Section 354.770	\$0	\$0	Unknown
Total <u>Savings</u> - All Departments	\$0	\$0	Unknown less than
<u>Costs - AGO</u>			
Personal service costs (1 FTE)	(\$27,896)	(\$34,479)	(\$26,636)
Fringe benefits	(\$13,566)	(\$16,767)	(\$12,953)
Equipment and expense	(\$17,776)	(\$12,052)	(\$9,309)

Total <u>Cost</u> - AGO	<u>(\$59,238)</u>	<u>(\$63,298)</u>	<u>(\$48,898)</u>
FTE Change - AGO	1.0 FTE	1.0 FTE	0.75 FTE
<u>Costs - SOS</u>			
Rules revision	<u>(\$27,060)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Cost</u> - SOS	<u>(\$27,060)</u>	<u>\$0</u>	<u>\$0</u>
<u>Loss - DIFP</u>			
Reduction in income taxes paid by insurers and HMOs	\$0	\$0	(Unknown)
Reduction in premium taxes collected	\$0	\$0	(Unknown)
<u>Transfer-Out - To Missouri Health Care Trust Fund</u>			
HCP Appropriations	\$0	\$0	(Unknown less than \$70,601,250)
DMH Appropriations	\$0	\$0	(\$0 to Unknown)
DOS Appropriated program savings - Section 354.770	\$0	\$0	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$86,298)</u>	<u>(\$63,298)</u>	<u>(Unknown exceeding \$48,898)</u>
Estimated Net FTE Change for General Revenue Fund	1.0 FTE	1.0 FTE	0.75 FTE
INSURANCE DEDICATED FUND			
<u>Savings - DIFP</u>			
Reduction in Managed Care Section staff and expenses	\$0	\$0	Unknown
<u>Loss - DIFP</u>			
Reduction in revenue from policy forms and filing fees	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0</u>	<u>\$0</u>	<u>Unknown to (Unknown)</u>
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CONSERVATION FUNDS

Transfer-Out - to Missouri Health Care
Trust Fund

MDC healthcare funds	<u>\$0</u>	<u>\$0</u>	<u>(\$2,050,000)</u>
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ESTIMATED NET EFFECT ON CONSERVATION FUNDS	<u>\$0</u>	<u>\$0</u>	<u>(\$2,050,000)</u>
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ALL MoDOT FUNDS

Savings - DOT

Reduction in personal service costs	\$0	\$0	\$58,250
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Transfer-Out - to Missouri Health Care
Trust Fund

MoDOT healthcare funds	<u>\$0</u>	<u>\$0</u>	<u>(\$16,250,000)</u>
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ESTIMATED NET EFFECT ON ALL MoDOT FUNDS	<u>\$0</u>	<u>\$0</u>	<u>(\$16,191,750)</u>
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**COUNTY FOREIGN/COUNTY
STOCK FUNDS**

Savings - DIFP

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

Reduction in premium tax collected	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON COUNTY FOREIGN/COUNTY STOCK FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**PROFESSIONAL AND PRACTICAL
 NURSING STUDENT LOAN
 PROGRAM FUND**

Savings - DOH

Nursing student loan program funds	\$0	\$0	\$124,938
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Transfer-Out - To Health Professional
 Education and Training Fund

Nursing student loan program funds	<u>\$0</u>	<u>\$0</u>	<u>(\$124,938)</u>
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**ESTIMATED NET EFFECT ON
 PROFESSIONAL AND PRACTICAL
 NURSING STUDENT LOAN
 PROGRAM FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**PRIMARY CARE RESOURCE
 INITIATIVE FOR MISSOURI FUND**

Savings - DOH

PRIMO program funds	\$0	\$0	\$1,605,375
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Transfer-Out - To Health Professional
 Education and Training Fund

PRIMO program funds	<u>\$0</u>	<u>\$0</u>	<u>(\$1,605,375)</u>
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**ESTIMATED NET EFFECT ON
 PRIMARY CARE RESOURCE
 INITIATIVE FOR MISSOURI FUND**

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

Transfer-In - From General Revenue
 Fund

HCP appropriations	\$0	\$0	Unknown less than \$70,601,250
DMH appropriations	\$0	\$0	\$0 to Unknown

DOS appropriated program savings - Section 354.770	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
Total <u>Transfer-In</u> From General Revenue Fund	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
<u>Transfer-In - Conservation Funds</u>			
MDC healthcare funds	\$0	\$0	\$2,050,000
<u>Transfer-In - All MoDOT Funds</u>			
DOT/MHP/Retiree healthcare funds	\$0	\$0	\$16,191,750
<u>Transfer-In - From Other State Funds</u>			
HCP appropriations	\$0	\$0	Unknown less than \$12,645,000
DOS appropriated program savings - Section 354.770			
Total <u>Transfer-In</u> - From Other State Funds	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
<u>Transfer-In - From Federal Funds</u>			
HCP appropriations	\$0	\$0	Unknown less than \$22,128,750
DOS Federal appropriated reimbursement fund - Section 354.770	\$0	\$0	Unknown
Increase in Federal reimbursement funds - Section 354.792	<u>\$0</u>	<u>\$0</u>	Unknown
Total <u>Transfer-In</u> - From Federal Funds	<u>\$0</u>	<u>\$0</u>	Unknown
<u>Transfer-In - From Local Governments</u>			
Local Government health care savings	\$0	\$0	Unknown
<u>Costs - Missouri Board of Governors</u>			
Board meeting costs (23 members)	(\$38,733)	(\$39,865)	(\$41,092)
<u>Costs - AGO</u>			
Personal service costs (1.0 FTE)	\$0	\$0	(\$8,878)
Fringe benefits	\$0	\$0	(\$4,317)
Equipment and expense	<u>\$0</u>	<u>\$0</u>	<u>(\$3,103)</u>

Total <u>Costs</u> - AGO	<u>\$0</u>	<u>\$0</u>	<u>(\$16,298)</u>
FTE Change - AGO	0 FTE	0 FTE	0.25 FTE

<u>Costs - Increase in Universal Health Care provider reimbursement - Section 354.792</u>	\$0	\$0	\$66,750,000
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<u>Costs - Missouri Health Care Trust Fund Universal Health Assurance Program Costs</u>	<u>\$0</u>	<u>\$0</u>	<u>(Unknown Could exceed 11,725,000,000)</u>
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ESTIMATED NET EFFECT ON MISSOURI HEALTH CARE TRUST FUND	<u>(\$38,733)</u>	<u>(\$39,865)</u>	<u>(Could exceed \$11,725,000)</u>
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HEALTH PROFESSIONAL EDUCATION AND TRAINING FUND

<u>Transfer-In - From Professional and Practical Nursing Student Loan Program Fund</u>			
Nursing student loan program funds	\$0	\$0	\$124,938

<u>Transfer-In - From Primary Care Resource Initiative for Missouri Fund</u>			
PRIMO program funds	<u>\$0</u>	<u>\$0</u>	<u>\$1,605,375</u>

ESTIMATED NET EFFECT ON HEALTH PROFESSIONAL EDUCATION AND TRAINING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$1,730,313</u>
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ALL OTHER STATE FUNDS

<u>Savings - HCP Appropriations</u>	\$0	\$0	Unknown less than \$12,645,000
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Savings - DOS

Appropriated program costs - Section 354.770	\$0	\$0	Unknown
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Transfer-Out - To Missouri Health Care Trust Fund

HCP appropriations	\$0	\$0	(Unknown less than \$12,645,000)
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DOS appropriated program cost savings - Section 354.770	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FEDERAL FUNDS

Savings - DOS

Appropriated program costs - Section 354.770	\$0	\$0	Unknown
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Savings - HCP

HCP appropriations	\$0	\$0	Unknown less than \$22,128,750
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<u>Income - Increase in program reimbursements - Section 354.792</u>	\$0	\$0	Unknown exceeding
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Transfer-Out - To Missouri Health Care Trust Fund

HCP appropriations	\$0	\$0	(Unknown less than \$22,128,750)
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DOS appropriated program cost savings - Section 354.770	\$0	\$0	<u>(Unknown)</u>
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Increase in program reimbursements - Section 354.792	\$0	\$0	(Unknown)
Total <u>Transfer-Out</u> - To Missouri Health Care Trust Fund	\$0	\$0	(Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
ALL LOCAL GOVERNMENTS			
<u>Savings - All Local Governments</u>			
Health care premium savings	\$0	\$0	Unknown
<u>Transfer-Out - To Missouri Health Care Trust Fund</u>			
Health care premium savings	\$0	\$0	(Unknown)
<u>Loss - Schools</u>			
Reduction in distribution of premium taxes	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON ALL LOCAL GOVERNMENTS	<u>\$0</u>	<u>\$0</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal establishes the Missouri Universal Health Assurance Program. The program is a publicly financed, statewide program that will provide comprehensive health care services for Missouri residents. The Director of the Department of Health and Senior Services is required to divide the population of the state into six regional health planning and policy development

districts. An advisory council of 9 members will be established for each district. The advisory councils will assist the board of governors of the program in creating an annual comprehensive state health care plan as well as developing a transportation plan for indigent, elderly, and disabled clients.

The program will be administered by a 23-member board of governors, of whom 14 members will be appointed by the Governor, with the advice and consent of the Senate. The directors of the departments of Social Services, Health and Senior Services, and Mental Health will be ex-officio members; and the board will include representation of minority and disabled individuals. The board will be responsible for monitoring expenditures, adopting rules, employing staff, and studying methods for incorporating institutional and long-term care benefits into the program. The board is also required to submit an annual report to the Speaker of the House of Representatives, the President Pro Tem of the Senate, and the Governor with recommendations for changes in health care laws. Prior to the implementation of the comprehensive plan, the board is required to appoint an advisory subcommittee of health care researchers and ethics experts and conduct public hearings. The comprehensive plan is required to seek and secure the delivery of the most cost-effective health care services.

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

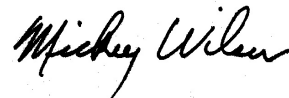
No later than 30 days after the effective date of the proposal, the Department of Social Services is required to apply to the United States Secretary of Health and Human Services for all health care program waivers that would enable the state to deposit federal funds into the Missouri Health Care Trust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

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

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

SOURCES OF INFORMATION

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



Mickey Wilson, CPA
Director
February 4, 2009