

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0370-01
Bill No.: SB 77
Subject: Medicaid; Public Health
Type: Original
Date: January 30, 2009

Bill Summary: This legislation adds comprehensive day services as a covered service under MO HealthNet.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown but Greater than \$229,620)	(Unknown but Greater than \$243,439)	(Unknown but Greater than \$254,394)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$229,620)	(Unknown but Greater than \$243,439)	(Unknown but Greater than \$254,394)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

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

* Income and costs of approximately Unknown but Greater than \$417,379 in FY10, Unknown but Greater than \$442,498 in FY11 and Unknown but Greater than \$462,410 in FY12 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 208.152:

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

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass 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)** assume individuals with head injuries are not in the target population of those served by the DMH. Comprehensive day rehabilitation services are provided through the Department of Health and Senior Services. Therefore, the DMH assumes the fiscal impact of this proposal would be minimal.

Officials from the **Department of Social Services (DSS)** states the legislation expands the Comprehensive Day Rehabilitation program to all adult participants. The services must be based on an individualized, goal-oriented, comprehensive and coordinated treatment plan. The MO HealthNet Division (MHD) shall establish the definition and criteria for designation of a comprehensive day rehabilitation service facility, the benefit limitations and the payment mechanism utilizing the expertise of brain injury rehabilitation service providers and the Missouri Head Injury Advisory Council. The services must be provided in a community based

ASSUMPTION (continued)

facility and be authorized on tier levels based on the services the patient requires and the frequency of the services as guided by a qualified rehabilitation professional associated with a health care home.

In SFY08 there was one individual under the age of 21 with claims filed under this program. Therefore, to project costs if this program were expanded, the number of participants using the program in SFY05 and their costs were obtained. There were 89 adults in a category of assistance other than a category that is currently eligible for the program (under age 21, blind individuals, pregnant women or nursing home residents) who received services through the Comprehensive Day Rehabilitation program. The fee for service cost for their services in SFY05 was \$526,728. It is assumed that about the same number of individuals would use the program if it were expanded. Therefore, the SFY05 cost is used as the base for estimating future costs. A 4.5% inflation factor was applied to FY06 through FY12.

In addition, the MHD contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.152. The MHD assumes this legislation will apply to the managed care health plans. Therefore, there would be an unknown fiscal impact to the MHD for the increase in managed care capitation rates due to the additional services, the cost of the actuarial consultant for MHD to re-negotiate the current contracts with the managed care health plans, and notification to be prepared and sent to all MO HealthNet Managed Care enrollees.

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

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

The cost for expanding this program includes the fee for service program costs, the managed care actuary cost and an unknown cost for an increase in capitation rates.

In FY10, Unknown > \$646,999 (\$229,620 GR); FY11 Unknown > \$685,937 (\$243,439 GR); and FY12 Unknown > \$716,804 (\$254,394 GR).

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

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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GENERAL REVENUE FUND

<u>Costs - Department Social Services</u> Program Costs	(Unknown but Greater than \$229,620)	(Unknown but Greater than \$243,439)	(Unknown but Greater than \$254,394)
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but Greater than \$229,620)</u>	<u>(Unknown but Greater than \$243,439)</u>	<u>(Unknown but Greater than \$254,394)</u>
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FEDERAL FUNDS

<u>Income - Department of Social Services</u> Federal Assistance	Unknown but Greater than \$417,379	Unknown but Greater than \$442,498	Unknown but Greater than \$462,410
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<u>Costs - Department of Social Services</u> Program Costs	<u>(Unknown but Greater than \$417,379)</u>	<u>(Unknown but Greater than \$442,498)</u>	<u>(Unknown but Greater than \$462,410)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

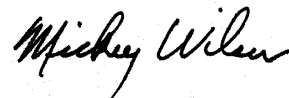
Section 208.152:

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

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

SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State



Mickey Wilson, CPA
Director
January 30, 2009