

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1162-01
Bill No.: Perfected HB 395
Subject: Health Care; Medicaid; Department of Social Services
Type: Original
Date: March 11, 2009

Bill Summary: This legislation changes the law regarding transition grants for MO HealthNet recipients transitioning back into the community from long-term institutional care.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| 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 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$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 208.819:

Officials from the **Department of Elementary and Secondary Education** and the **Missouri State Treasurer** each assume the proposal would have no fiscal impact on their respective agencies.

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 the number of DMH clients transitioning from a nursing home back into the community is minimal; therefore, the fiscal impact would be negligible.

Officials from the **Department of Social Services (DSS)** assume there is no fiscal impact to the Department. Since the transition grant already exists, there is no fiscal impact to Mo HealthNet Division (MHD). The removal of the requirement that MHD assist with training will have no significant impact on MHD operations.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** assume the average cost in FY08 for home and community based services through MO HealthNet was approximately \$7,306; while services through a nursing facility cost on average \$34,899/client. For the purposes of this fiscal note, the blended Federal Medical Assistance Percentage was applied to all fiscal years based on the FY 10 rate of 64.18 percent federal funds with an enhanced match of 81.5 percent rate for Home and Community-Based (HCB) costs for the first year of transition. The home and community based costs were estimated based on \$7,742 for FY10 with a three percent increase in cost for each subsequent fiscal year. Per the terms of the grant, it is estimated that twenty clients will transition out of nursing facilities into home and community based care each fiscal year. There should be an offsetting cost savings realized by the Department of Social Services in the MO HealthNet expenditures for nursing facility care.

| Year 1 (FY 10) | # Clients | X | Estimated Cost/Client | = | Total Cost | GR | FED | FMAP Rate |
|-----------------------------------|-----------|---|-----------------------|---|------------|-----------|-----------|-----------|
| Transition Costs | 20 | X | \$2,400 | = | \$48,000 | \$17,194 | \$30,806 | 64.18% |
| HCB Services Costs | 20 | X | \$7,742 | = | \$154,840 | \$28,645 | \$126,195 | 81.5% |
| TOTAL COST | | | | | \$202,840 | \$45,839 | \$157,001 | |
| Year 2 (FY 11) | | | | | | | | |
| Transition Costs | 20 | X | \$2,400 | = | \$48,000 | \$17,194 | \$30,806 | 64.18% |
| HCB Services Costs | 20 | X | \$7,970 | = | \$159,400 | \$29,489 | \$129,911 | 81.5% |
| HCB Services - Year 1 Clients | 20 | X | \$7,970 | = | \$159,400 | \$57,097 | \$102,303 | 64.18% |
| TOTAL COST | | | | | \$366,800 | \$103,780 | \$263,020 | |
| Year 3 (FY 12) | | | | | | | | |
| Transition Costs | 20 | X | \$2,400 | = | \$48,000 | \$17,194 | \$30,806 | 64.18% |
| HCB Services Costs | 20 | X | \$8,129 | = | \$162,580 | \$30,077 | \$132,503 | 81.5% |
| HCB Services - Year 1 & 2 Clients | 40 | X | \$8,129 | = | \$325,160 | \$116,472 | \$208,688 | 64.18% |
| TOTAL COST | | | | | \$535,740 | \$163,743 | \$371,997 | |

Oversight assumes, based on the DSS and DHSS response and conversations with DHSS, that DHSS would not incur a fiscal impact from this proposal. Oversight assumes any significant increase to DHSS would be reflected in future budget request.

| <u>FISCAL IMPACT - State Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <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.

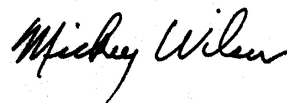
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 Elementary and Secondary Education
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State
Missouri State Treasurer



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