

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1446-03  
Bill No.: Perfected SS for SB 307  
Subject: Ambulances and Ambulance Districts; Revenue Dept.; Social Services Dept.;  
 Taxation and Revenue - General; Treasurer, State  
Type: Original  
Date: March 31, 2009

Bill Summary: Would impose a gross receipts tax on certain ambulance service providers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$24,725)	(\$30,547)	(\$31,463)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$24,725)</b>	<b>(\$30,547)</b>	<b>(\$31,463)</b>

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

\* Unknown income and costs would net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 9 pages.

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

\* Income and costs of approximately \$24,725 in FY10, \$30,547 in FY11 and \$31,463 in FY12 would net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
General Revenue	0.5	0.5	0.5
Federal	0.5	0.5	0.5
<b>Total Estimated Net Effect on FTE</b>	<b>1</b>	<b>1</b>	<b>1</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government *</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

\* Net of additional revenues and costs.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** stated that 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization.

Officials from the **Department of Social Services - Division of Legal Services** stated in response to a previous version of this proposal, that the appeals to the director would be handled by MO HealthNet Division and reflected in their fiscal note. The hearings unit holds no other Medicaid provider hearings. If the appeals were by rule or decision of the director handled by DLS, it is unknown how many cases this may involve per year.

Officials from the **Department of Social Services - Family Support Division (FSD)** stated in response to a previous version of this proposal, that FSD currently does not determine eligibility specifically based on the submission of a completed application for medical assistance for services of an ambulance service. FSD does not anticipate any new applications as a result of this legislation. Therefore, there is no fiscal impact.

ASSUMPTION (continued)

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** stated that this proposal would require licensed ambulance services to pay a reimbursement allowance for the privilege of engaging in the business of providing services in Missouri. All amounts remitted would be deposited in the Ambulance Service Reimbursement Allowance Fund for the purpose of providing payment to ambulance services.

Similar provider tax assessments are currently imposed on hospitals, nursing homes, pharmacies and managed care organizations. The assessment is general revenue equivalent and earns federal dollars when used to make valid Medicaid payments.

To determine the federal reimbursement allowance assessment for each ambulance service the MO HealthNet Division (MHD) would need currently unavailable data such as revenues, expenses, total utilization, and Medicaid utilization. This legislation requires ambulance services to provide a report of gross receipts to the DOR and the DOR would provide that information to the DSS. This data would allow the DSS to determine the amount of the reimbursement allowance tax due from each ambulance service.

The MHD would need 1 full time equivalent staff to administer this reimbursement allowance program. This staff would establish the annual tax, monthly amounts, perform monthly or cycle billings, reconcile receivables, handle appeals of tax amounts, and review quarterly tax adjustment requests. This staff person would also have frequent correspondence and communication with the ambulance services regarding their assessments, payments, and other inquiries.

The MHD must obtain approval from the federal Centers for Medicare and Medicaid Services (CMS) for the proposed ambulance service federal reimbursement allowance. At a minimum, MHD must submit for CMS's review and approval a Medicaid state plan amendment for the ambulance service program. CMS would demand voluminous supporting documentation for this state plan amendment as part of its review. Approval of such an amendment is not certain.

The FTE staff needed would be hired as an Auditor I the first year and promoted to an Auditor II in subsequent years. The costs associated with this employee would include their salary, equipment and expenses. Administrative costs receive a 50% match rate.

ASSUMPTION (continued)

This proposal would require DSS to make payments to those ambulance services that have a valid provider agreement. The ambulance service reimbursement allowance could not be used to supplant, and shall be in addition to, general revenue payments to ambulance services.

MHD currently pays ambulance services on a fee for service basis for Title XIX participants. Capitation payments are made for Managed Care participants.

MHD assumes the intent of the legislation is to impose a provider tax on ambulance providers which would be used to provide for a rate increase for ambulance services. It is further assumed that the intent of the legislation is to require that the reimbursement allowance payment would be made in addition to the regular rate reimbursement.

It is not known how much revenue would be raised under this tax. As an example, if there is \$100 million in total revenue for ambulance services and the tax rate is 2% of the ambulance revenue then the tax revenue would be \$2 million. The \$2 million acts as a general revenue equivalent for ambulance payments and would draw federal matching funds of \$3,405,504 for total increase in ambulance payments of \$5,405,405. This is the amount that would be expended in additional payments to the ambulance service providers. The state share of the expenditure is the \$2.0 million collected and the federal share is \$3.4 million. Since the same amount of general revenue is expended there is no fiscal impact to the general revenue fund from this section of the legislation.

FY10 Total cost is \$49,452 (\$24,725 GR);  
FY11 Total cost is \$61,095 (\$30,547 GR); and  
FY12 Total cost is \$62,928 (\$31,463 GR).

**Oversight** assumes that one additional FTE would be allocated between the General Revenue Fund and Federal Funds. Oversight assumes the rate increase would be paid from the Ambulance Service Reimbursement Allowance and Federal Funds.

ASSUMPTION (continued)

Officials from the **Office of State Courts Administrator**, the **Office of Administration**, **Administrative Hearing Commission**, the **Department of Health and Senior Services**, assume this proposal would have no fiscal impact to their organizations.

Officials from the **Office of the State Treasurer**, the **University of Missouri**, **Cass County**, **St. Louis County**, the **City of Centralia**, the **City of West Plains**, assumed a previous version of this proposal would have no fiscal impact to their organizations.

Officials from the **City of Kansas City** assume this proposal could have a positive fiscal impact to their organization due to an increase in ambulance service reimbursements. Kansas City officials assume the proposal would generate approximately \$1 million annually for their Metropolitan Ambulance Services Trust.

Officials from the **City of Raytown** and the **City of Joplin** provided a response to a previous version of the proposal but did not indicate an estimated fiscal impact.

Officials from the **St. Charles County Ambulance District** assume this proposal would result in increased payments for Medicaid patients possibly offset by an increase in costs for the gross receipts tax.

**Oversight** will assume for fiscal note purposes that local governments would have an unknown increase in reimbursements for ambulance services, which would be greater than unknown fee assessments.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - Department of Social Services			
Personal Service (0.5 FTE)	(\$14,767)	(\$20,988)	(\$21,618)
Fringe Benefits	(\$6,530)	(\$9,281)	(\$9,559)
Equipment and Expense	(\$3,428)	(\$278)	(\$286)
Total Costs - DSS	<u>(\$24,725)</u>	<u>(\$30,547)</u>	<u>(\$31,463)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$24,725)</u></b>	<b><u>(\$30,547)</u></b>	<b><u>(\$31,463)</u></b>
Estimated Net FTE Change for General Revenue Fund	0.5	0.5	0.5
<b>AMBULANCE SERVICE REIMBURSEMENT FUND</b>			
Income - Department of Social Services	Unknown	Unknown	Unknown
<u>Costs</u> - Department of Social Services	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON AMBULANCE SERVICE REIMBURSEMENT FUND</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FEDERAL FUNDS**

Income - Department of Social Services

Federal Assistance	\$24,725	\$30,547	\$31,463
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Costs - Department of Social Services

Personal Service (0.5FTE)	(\$14,767)	(\$20,988)	(\$21,618)
Fringe Benefits	(\$6,530)	(\$9,281)	(\$9,559)
Equipment and Expense	(\$3,428)	(\$278)	(\$286)
Total Costs - DSS	<u>(\$24,725)</u>	<u>(\$30,547)</u>	<u>(\$31,463)</u>

**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
Estimated Net FTE Change for Federal Funds	0.5	0.5	0.5

FISCAL IMPACT - Local Government

FY 2010 (10 Mo.)	FY 2011	FY 2012
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**LOCAL GOVERNMENTS**

Revenue increase - ambulance fee increases

<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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Cost - Reimbursement allowance assessments

<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
 LOCAL GOVERNMENTS \***

<u><b>Unknown</b></u>	<u><b>Unknown</b></u>	<u><b>Unknown</b></u>
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\* Revenue increase net of fee assessment.

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which operate licensed ambulance services.



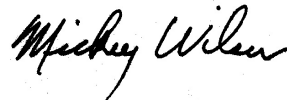
### FISCAL DESCRIPTION

This proposal would impose a gross receipts tax on certain ambulance service providers.

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

Office of State Courts Administrator  
Office of the Secretary of State  
Office of the State Treasurer  
Office of Administration  
    Administrative Hearing Commission  
Department of Health and Senior Services  
Department of Revenue  
Department of Social Services  
University of Missouri  
Cass County  
St. Louis County  
City of Centralia  
City of Joplin  
City of Kansas City  
City of West Plains  
St. Charles County Ambulance District



Mickey Wilson, CPA  
Director  
March 31, 2009