

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2160-01
Bill No.: SB 467
Subject: Insurance-General; Nursing and Boarding Homes
Type: Original
Date: March 30, 2009

Bill Summary: This legislation requires nursing home facilities to carry liability insurance with limits of no less than \$1 million per occurrence to compensate residents for damages.

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 4 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 198.710:

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Social Services** assume there will be no fiscal impact to the MO Health Net Division for SFY 10 - 12.

SFY 13 is the first year that Medicaid rates could see an impact from increasing costs for long term care facilities, if a cost report containing the increased cost was used to rebase rates.

It is unknown how much it will cost for long term care facilities to purchase liability policies with limits of no less than one million dollars per occurrence for injuries, damages or death. If the costs of liability insurance increase, this will impact the cost of doing business for long term care facilities. These additional costs will impact nursing home Medicaid rates in the future when the rates are rebased. The 2010 cost report is the first full year that would reflect increased insurance costs and cost reports are not due until 5 months after the fiscal year end. The 2010 cost reports would be received in May and June of 2011. This would not provide enough time for these cost reports to be used for a rebase in SFY 2012; therefore, SFY 2013 would be the earliest that a rebase could be done using a 2010 cost report that captures the increased cost.

<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.

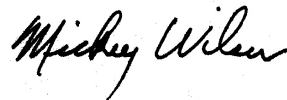
FISCAL DESCRIPTION

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 Insurance, Financial Institutions and Professional Registration
Department of Social Services



Mickey Wilson, CPA
Director
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