

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2254-04
Bill No.: HCS for SCS for SB 538
Subject: Elderly; Nursing and Boarding Homes; Medicaid
Type: Original
Date: May 8, 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.

This legislation modifies provisions on the regulation of inspectors or surveyors long-term care facilities.

This legislation requires smoke alarms to be installed in each resident room and any room designated for sleeping in a long-term care facility until such time as the required sprinkler system is installed.

This legislation requires all resident of long-term care facilities to have background checks for the purpose of identifying those residents who are sexual offenders.

This legislation extends the sunsets of various federal reimbursement allowances from 2009 to 2011. This legislation will sunset on September 30, 2011.

This legislation establishes a dispute resolution process for long-term care facilities cited with a deficiency by the Department of Health and Senior Services.

This legislation allowing nursing home residents under MO HealthNet to retain up to thirty dollars per month discretionary spending by increasing it by \$5 per year.

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

Bill Summary (continued):

This legislation encourages long-term care facilities to institute policies to encourage familial involvement in the well-being and support of residents in long-term care facilities.

Adds an exemption to the requirement for obtaining a blasting license for individuals explosive materials in conjunction with a well screen cleaning device to unblock clogs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown but Greater than \$549,334)	(Unknown but Greater than \$1,585,708)	(Unknown but Greater than \$2,391,295)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$549,334)	(Unknown but Greater than \$1,585,708)	(Unknown but Greater than \$2,391,295)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
ICF/MR Provider Tax Fund*	\$0	\$0	\$0
Medicaid Managed Care Organization Reimbursement Allowance Fund**	\$0	\$0	\$0
Federal Reimbursement Allowance Fund***	\$0	\$0	\$0
Pharmacy Reimbursement Allowance Fund****	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Revenues and expenditures of approximately \$5,000,000 net to \$0.

**Revenues and expenditures of up to approximately \$47,000,000 net to \$0.

***Revenues and expenditures of approximately \$886,000,000 net to \$0.

****Revenues and expenditures of approximately \$40,000,000 net to \$0.

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

* Income and costs 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

Sections 198.074 & 198.075:

In response to a similar proposal from this year, HB 395 officials from the **Office of Administration-Administrative Hearing Commission** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** state the DMH has no facilities covered under Section 198; therefore, anticipates no fiscal impact.

Officials from the **Department of Public Safety** and the **Department of Social Services** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a similar proposal from this year, HB 395, officials from the **Department of Public Safety - Division of Fire Safety** states the Division currently is required to inspect long-term care facilities, of which there are approximately 1,200 in the state of Missouri. The cost of installing the smoke alarms in the sleeping rooms of the residential care facilities would be assumed by the facility owner. Therefore, the Division of Fire Safety is not fiscally impacted by this change in the law.

Officials from the **Department of Health and Senior Services (DHSS)** state this legislation would delete Section 198.074.9, RSMo, which currently requires the state Fire Marshall to conduct fire safety inspections for facilities licensed under Chapter 198. As a result, the fire safety inspections would be conducted by the DHSS, DRL. In the FY 2009 Budget, 4.0 FTE with Personal Service of \$148,662 and E&E of \$28,712 were transferred to the state Fire Marshall's Office in the Department of Public Safety to conduct these inspections. Since the transfer occurred, a three percent COLA has been added to state employees' salaries, therefore the amount transferred back to DHSS would need to take this into consideration. The Department assumes transferring this responsibility back to DHSS would result in \$153,122 personal services with 4.0 FTE and \$28,712 expense and equipment to be transferred from the state Fire Marshall to DHSS. Although this is shown as a cost to DHSS for fiscal note purposes, DHSS assumes the net effect of this change statewide would be no fiscal impact. Standard inflationary costs have been applied to these costs in FY 2011 and FY 2012.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, assumed the transfer of FTE from Department of Public Safety to DHSS would net to \$0 and has not included any cost in this fiscal note.

Section 198.089:

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

Sections 198.187:

In response to a similar proposal from this year, HB 395 officials from the **County of Cass, Boone County Sheriff's Department, Department of Corrections, Office of Prosecution Services** and the **Springfield Police Department** 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.

In response to a similar proposal from this year (HB 1012), officials from the **St. Joseph Police Department** state the legislation would appear to require extra costs for the Police Department.

ASSUMPTION (continued)

Oversight assumes the St. Joseph Police Department could absorb the additional cost that may result from this proposal within existing resources.

Sections 198.525:

Officials from the **Department of Social Services** and the **Department of Mental Health** each assume the proposal would have no fiscal impact on their respective agencies.

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

Section 198.527 & 198.545:

Officials from the **Department of Social Services - Family Support Division (FSD)** assume there is no impact to the FSD because these investigations are completed by Department of Health and Senior Services.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** states the Department of Health and Senior Services ensures the uniformity of application of regulation standards in long-term care facilities throughout the state.

This legislation does not change the reimbursement methodology for long-term care facilities; therefore, there is no fiscal impact to the MHD.

Officials from the **Department of Health and Senior Services (DHSS)** assume this legislation would give the facility the option to request an informal dispute resolution conference with a representative peer review committee for any deficiency received during an inspection of complaint investigation. The Department will establish the representative peer review committee and also keep in place an internal informal dispute resolution (IDR) process in the event the facility does not choose the non-departmental option.

To effectively establish and manage the peer review process including selection, training, scheduling, conducting, and follow up in the time frame required by the legislation, the Department would require an additional Hearings Officer II (Range A-25, step G, \$38,700) and an Administrative Office Support Assistant (Range 15-step F, \$26,784). Although the proposed

ASSUMPTION (continued)

legislation states the facility shall pay for any costs associated with the non-departmental review process, staff will be required with regulatory and management expertise to guide and facilitate the process.

Additionally, the legislation mandates an additional review by the DHSS to approve or disapprove the peer review decisions. This would require conduct of a complete review of the case and associated exhibits. The legislation does not indicate who will collect payment if the non-departmental process is used. If the Department is to coordinate the receipt and disbursement of payments, staff will be necessary to review expenses to be paid by the facility, collection of any funds, and appropriate reimbursement of peer review committee members.

Section 198.545 of the proposed legislation states, "Any facility licensed under this chapter shall have the opportunity to contest any deficiency received during an inspection or complaint investigation conducted under sections 198.026 and 198.532 by requesting an informed dispute resolution conference with a representative peer review committee." The current IDR process is performed through a desk review. If the proposed legislation were passed, redundant programs would be maintained by the department: the IDR process through desk review and the IDR process through a peer review committee.

Oversight assumes the DHSS could incorporate the IDR process in legislation with the existing IDR process the DHSS is currently doing. Therefore, Oversight assumes the DHSS could absorb a one Hearings Officer II FTE and one Administrative Office Support Assistant FTE.

Section 208.016:

Officials from the **Department of Mental Health** assumes minimal fiscal impact because any increase in personal needs allowance decreases an individual's ability to contribute to their cost of care.

Officials from the **Department of Social Services - MO HealthNet Division** assume there will be a fiscal impact to the MO HealthNet Division due to the increase in the personal needs allowance. When the personal needs allowance increases, the patient surplus decreases by the same amount and the State's payment increases.

MO HealthNet nursing facility providers are reimbursed based on the MO HealthNet eligible resident's days of care multiplied by the facility's MO HealthNet reimbursement rate less any patient surplus amount (the amount of money the Title XIX recipient contributes to his or her nursing home care).

ASSUMPTION (continued)

Family Support Division staff calculates the amount of patient surplus which is based upon the recipient's income and expenses. The gross income (usually a Social Security benefit check) of the recipient is adjusted for the following: personal standard (this is the amount the recipient may keep for personal use -currently \$30); an allotment (money allocated for use by the community spouse or dependent children); and medical deductions (Medicare premiums or private medical insurance premiums that the recipient pays for his own medical coverage). The remainder is patient surplus.

Based on information provided by the Department of Social Services Research and Evaluation, there is an average of 25,000 MO HealthNet recipients in nursing facilities each month, and of that number, there are 3,307 MO HealthNet recipients who have no patient surplus. The proposed legislation will not impact this group. There are 36 recipients with surplus amounts of \$1 or less and 7 recipients with surplus amounts between \$1 and \$5. There are 6 recipients with surplus amounts between \$5 and \$10 and 7 recipients with surplus amounts between \$10 and \$15. There are 5 recipients with surplus amounts between \$15 and \$20, and there are 21,632 recipients with surplus amounts greater than \$20.

The average surplus amount is approximately \$780 each month. The average Social Security cost of living increase for the past 5 years is 3.6%. Multiplying \$780 by 3.6% yields an increase of \$28.08. The proposed legislation allows for an increase of \$5 each year up to the maximum of \$20.

The SFY 10 fiscal impact is \$649,926 (GR \$230,659) calculated as follows:

$21,657 \times \$5 \times 6 \text{ months} = \$649,710$; $36 \times \$1 \times 6 \text{ months} = \216 ;
 $\$649,710 + \$216 = \$649,926$.

The SFY 11 fiscal impact is \$2,598,852 (GR \$922,333) calculated as follows:

$21,650 \times \$10 \times 12 \text{ months} = \$2,598,000$; $7 \times \$5 \times 12 \text{ months} = \420 ; $36 \times \$1 \times 12 \text{ months} = \432 ; $\$2,598,000 + \$420 + \$432 = \$2,598,852$.

The SFY 12 fiscal impact is \$3,897,492 (GR \$1,383,220) calculated as follows:

$21,644 \times \$15 \times 12 \text{ months} = \$3,895,920$; $6 \times \$10 \times 12 \text{ months} = \720 ; $7 \times \$5 \times 12 \text{ months} = 420$; $36 \times \$1 \times 12 \text{ months} = \432 ; $\$3,895,920 + \$720 + \$420 + \$432 = \$3,897,492$.

ASSUMPTION (continued)

Officials from the **Department of Social Services - Family Services Division** assume in November 2008, there were a total of 26,545 MO HealthNet vendor nursing facility recipients. These would all be eligible to retain the increased personal needs allowance for discretionary spending.

There is no fiscal impact to FSD as these people are current MO HealthNet recipients. This legislation would not add new eligibles to the MO HealthNet program.

Section 208.030 requires the SNC personal needs allowance to always match the MO HealthNet vendor nursing facility personal needs allowance. As a result, this legislation would increase the personal needs allowance for SNC participants. In November 2008, there were 5,745 receiving SNC cash grants.

NOTE: The 5,745 does not include program participants that are placed by the Department of Mental Health (DMH). Individuals placed in SNC cash grant facilities by DMH are not eligible for this personal needs allowance through the FSD. DMH is responsible for the personal needs allowance for DMH placements.

This legislation would not add new eligibles to the SNC program, but would increase the cost of the program. Therefore, FSD would not need new staff.

For the purposes of this fiscal note, the FSD assumes the phase in would occur as quickly as allowed, which is a maximum increase of \$5 per year. At this rate, the phase in would take four years. The cost per month would be: $5,745 \times \$5 = \$28,725$. This would increase current spending for the SNC cash grants by \$344,700 per year ($\$28,725 \times 12 = \$344,700$). The increase to current spending for the SNC cash grants at the end of the phase in would be \$1,378,800. (Calculating formula $5745 \text{ people} \times \$5 \text{ per month increase} \times 12 \text{ months} \times 4 \text{ years}$) If the increase were to be less than \$5 per year, the phase in would take longer, which would reduce the yearly increase in spending.

FY 2010 - $5745 \times 5 \times 6 \text{ months} = \$172,350$

FY 2011 - $5745 \times 5 \times 12 \text{ months} \ \& \ 5745 \times 5 \times 6 \text{ months} = \$517,050$

FY 2012 - $5745 \times 10 \times 12 \text{ months} \ \& \ 5745 \times 5 \times 6 \text{ months} = \$861,750$

FY 2013 - $5745 \times 15 \times 12 \text{ months} \ \& \ 5745 \times 5 \times 6 \text{ months} = \$1,206,450$

FY 2014 - $5745 \times 20 \times 12$

ASSUMPTION (continued)

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.

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

ASSUMPTION (continued)

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.

ASSUMPTION (continued)

Sections 208.437, 208.480, 338.550 & 633.401:

Officials from the **Department of Health and Senior Services, Department of Revenue** and the **Office of Administration-Budget and Planning** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of 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** states Section 633.401 changes the sunset date of the provider tax for Intermediate Care Facilities for the Mentally Retarded (ICF MR) from June 30, 2009 to September 30, 2011. The FY '10 budget submitted by the DMH assumed that the ICF MR tax would continue. It is estimated this tax will generate approximately \$2,884,000 annually in federal earnings. If this proposed legislation does not pass, additional General Revenue funds of \$2,884,000 would be needed to continue the current level of services.

Oversight notes that the Department of Social Services (DSS) is the contact Department that works with the Federal government on Medicaid programs. Therefore, Oversight has decided to use DSS provider tax numbers for the ICF/MR provider tax program.

ASSUMPTION (continued)

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the passage of the proposed legislation would not fiscally impact the DMS. However, if the proposed legislation does not pass, additional funding will be needed to maintain the current level of services.

Section 208.437 – Managed Care Organization Reimbursement Allowance:

Current federal law allows the MHD to collect medicaid managed care tax for the 3 month period July 1, 2009 through September 30, 2009 during SFY 2010. The proposed legislation allows the MHD to collect \$ 15,405,524 in Medicaid managed care tax, which will allow MHD to draw in federal funds of \$24,014,846 through the September 30, 2009. The FY 10 budget submitted by the DSS assumed that the Managed Care tax would continue through September 30, 2009. If this proposed legislation does not pass, additional General Revenue funds of \$15,405,524 would be needed to continue the current level of services for the 3 month period July 1, 2009 through September 30, 2009.

As currently written, effective October 1, 2009, Federal Regulations will require that all Managed Care Organizations are taxed, commercial and medicaid. Assuming federal law is amended to allow tax on only medicaid managed care organizations, the proposed legislation will allow MHD to collect \$31,109,610 for the 9 month period of October 1, 2009 through June 30, 2010 for the medicaid managed care tax. This will allow MHD to draw in federal funds of \$56547,786. If the federal law is amended and this proposed legislation does not pass, additional General Revenue funds of \$31,109,610 would be needed to continue the current level of services for the 9 month period of October 1, 2009 through June 30, 2010.

Section 208.480 – Hospital Reimbursement Allowance:

The proposed legislation allows the MHD to collect \$885,560,378, in hospital FRA tax, which will allow MHD to draw in federal funds of \$1,586,690,817 in fiscal year 2010. The FY 10 budget submitted by the DMH assumed that the hospital FRA would continue through fiscal year 2010. If this proposed legislation does not pass, additional General Revenue funds of \$885,560,378 would be needed to continue the current level of services.

Section 338.550 – Pharmacy Provider Tax:

The proposed legislation allows the MHD to collect \$39,500,000 in pharmacy tax, which will allow MHD to draw in federal funds of \$70,773,590 in fiscal year 2010. The FY 10 budget submitted by the DSS assumed that the pharmacy tax would continue through fiscal year 2010. If this proposed legislation does not pass, additional General Revenue funds of \$39,500,000 would be needed to continue the current level of services.

ASSUMPTION (continued)

Section 633.401 - ICF/MR Provider Tax:

The proposed legislation allows the MHD to collect \$5,025,902 in intermediate care facilities for the mentally retarded tax, which will allow MHD to draw in federal funds of \$3,163,303 in fiscal year 2010. The FY 10 budget submitted by the DMH assumed that the intermediate care facilities for the mentally retarded tax would continue through fiscal year 2010. If this proposed legislation does not pass, additional General Revenue funds of \$5,025,902 would be needed to continue the current level of services.

Sections 319.306 & 319.321:

Officials from the **Department of Natural Resources** and **Department of Public Safety** assume there will be no fiscal impact to their agencies.

In response to a similar proposal from this year (HB 197), officials from the **Department of Agriculture** assume there will be no fiscal impact to their agency.

In response to a similar proposal from this year (HB 197), officials from the **Department of Public Safety - Division of Fire Safety** currently has a Blast Safety Program which licenses blasters and blasting companies. This proposal indicates that individuals who use explosive materials solely for cleaning well screens be exempt from licensure. The division currently has two such individuals licensed.

The division currently has two individuals licensed who would fall into this exemption. Due to the \$500 annual reporting fee, the Explosives Safety Fund (0804) would receive \$1,000 less revenue annually.

Oversight assumes the loss is minimal and therefore assumes there is no fiscal impact to this agency.

Section 1:

Officials from the **Department of Health and Senior Services** state field staff within DSIDS have two primary responsibilities: investigation of hotlines related to abuse, neglect, and financial exploitation of seniors and adults with disabilities; and determination of eligibility and authorization for Medicaid funded long-term care. Investigation of these allegations or risks to the health and safety of seniors and vulnerable adults is the primary responsibility of Division staff. There has been a 50 percent increase in hotlines over the last three years. (In FY 2006,

ASSUMPTION (continued)

16,815 hotlines were received by the Division; and in FY 2009, the Division is projected to receive over 24,000 hotlines). This trend is not expected to change over the coming years. The Division may determine that meeting requirements of the language is not possible with our current staffing levels without negatively impacting the timeliness of hotline investigations. The Division is therefore, estimating an unknown fiscal impact including additional FTE, and will request additional staff as needed to meet mandates of both priorities.

Language in Section 1, subdivision (4) will require the state to reimburse for at least one more nurse visit than is currently described in appropriations language for the Division.

Presently, approximately 10,000 referrals are being processed in a manner consistent with the language in HB 2010. Under the proposed language, each of these referrals would have a minimum of one additional nurse visit-one to complete the assessment, and at least one to make a properly completed referral. DSDS opines that these two processes are the same-a properly completed referral contains a nurse assessment. This opinion is substantiated by the language at the beginning of the section.

If it was the opinion that one additional nurse visit would be reimbursed per referral received, and based upon 10,000 referrals and a current FY 2009 reimbursement amount of \$40.85/visit, DSDS believes FY 2010 would cost approximately an additional \$408,500. In FY 2010, 35.82 percent of this cost would be paid from General Revenue and 64.18 percent of the cost would be paid from federal funds.

<u>FISCAL IMPACT - State Government</u>	FY 2010	FY 2011	FY 2012
GENERAL REVENUE FUND			
<u>Costs</u> - Department Social Services - Family Support Division			
Program Costs	(\$172,350)	(\$517,050)	(\$861,750)
<u>Costs</u> - Department Social Services - MO HealthNet Division			
Program Costs	(\$230,659)	(\$922,333)	(\$1,383,220)
<u>Costs</u> - Department of Health and Senior Services - Section 1			
Program Costs	(Unknown but Greater than \$146,325)	(Unknown but Greater than \$146,325)	(Unknown but Greater than \$146,325)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but Greater than \$549,334)</u>	<u>(Unknown but Greater than \$1,585,708)</u>	<u>(Unknown but Greater than \$2,391,295)</u>
 MEDICAID MANAGED CARE ORGANIZATION REIMBURSEMENT ALLOWANCE FUND (Section 208.437)			
<u>Income</u> - Department of Social Services Assessment on Medicaid managed care organizations			
	\$46,515,134	\$0	\$0
<u>Costs</u> - Department of Social Services Medicaid Program Costs			
	<u>(\$46,515,134)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON MEDICAID MANAGED CARE ORGANIZATION REIMBURSEMENT ALLOWANCE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**FEDERAL REIMBURSEMENT
 ALLOWANCE FUND (Section
 208.480)**

<u>Income</u> - Department of Social Services			
Assessment on Hospitals	\$885,560,378	\$0	\$0
<u>Costs</u> - Department of Social Services			
Medicaid Program Costs	<u>(\$885,560,378)</u>	<u>\$0</u>	<u>\$0</u>

**ESTIMATED NET EFFECT ON
 FEDERAL REIMBURSEMENT
 ALLOWANCE FUND** \$0 \$0 \$0

**PHARMACY REIMBURSEMENT
 ALLOWANCE FUND (Section
 338.550)**

<u>Income</u> - Department of Social Services			
Assessment on Pharmacies	\$39,500,000	\$0	\$0
<u>Costs</u> - Department of Social Services			
Medicaid Program Costs	<u>(\$39,500,000)</u>	<u>\$0</u>	<u>\$0</u>

**ESTIMATED NET EFFECT ON
 PHARMACY REIMBURSEMENT
 FUND** \$0 \$0 \$0

**ICF/MR PROVIDER TAX (Section
 633.401)**

<u>Income</u> - Department of Social Services			
Assessment on ICF's	\$5,025,902	\$0	\$0
<u>Costs</u> - Department of Social Services			
Medicaid Program Costs	<u>(\$5,025,902)</u>	<u>\$0</u>	<u>\$0</u>

**ESTIMATED NET EFFECT ON
 ICF/MR PROVIDER TAX** \$0 \$0 \$0

FEDERAL

<u>Income</u> - Department of Social Services			
Federal Assistance	\$698,799	\$1,676,519	\$2,514,272

<u>Income</u> - Department of Social Services			
Assessment on Medicaid Managed			
Care Organizations	\$80,562,632	\$0	\$0
Assessment on Hospitals	\$1,586,690,817	\$0	\$0
Assessment on Pharmacies	\$70,773,590	\$0	\$0
Assessment on ICF/MR	\$3,163,303	\$0	\$0
<u>Total Income</u> - DSS	<u>\$1,741,190,342</u>	<u>\$0</u>	<u>\$0</u>

<u>Income</u> - Department of Health and Senior Services - Section 1	Unknown but Greater than \$262,175	Unknown but Greater than \$262,175	Unknown but Greater than \$262,175
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<u>Costs</u> - Department of Social Services			
Program Costs	(\$698,799)	(\$1,676,519)	(\$2,514,272)

<u>Costs</u> - Department of Social Services			
Medicaid program expenditures	<u>(\$1,741,190,342)</u>	<u>\$0</u>	<u>\$0</u>

<u>Costs</u> - Department of Health and Senior Services - Section 1	<u>(Unknown but Greater than \$262,175)</u>	<u>(Unknown but Greater than \$262,175)</u>	<u>(Unknown but Greater than \$262,175)</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</u> - Local Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Section 198.545.1 states, "If the facility chooses a committee of nondepartmental personnel to perform the peer review, the facility shall pay for any costs associated with such review." If a facility chooses a committee of nondepartmental personnel, it could increase their cost.

Section 208.819 - This proposal would increase the number of individuals accessing home and community-based services, increasing revenues to providers of these services. Long-term care providers would see a commensurate decrease, coinciding with these individuals leaving their facilities.

Section 1 - Smaller Home and Community-Based (HCB) providers who do not participate in the process set forth in this section (have assessments performed by state staff instead of their nursing staff) run the risk of having their requests for referrals and services delayed because staff will be working to meet the timeframes defined in Section 1.

FISCAL DESCRIPTION

Section 208.016:

The proposed legislation allows any resident of a nursing home who receives MO HealthNet Program benefits to retain not less than fifty dollars per month for discretionary spending.

Sections 208.437, 208.480, 338.550 & 633.401:

This proposal extends the expiration date from June 30, 2009, to September 30, 2011, for the Missouri Medicaid Program's managed care organization reimbursement allowance in Sections 208.431 - 208.437, RSMo, and the pharmacy tax in Sections 338.500 - 338.550.

The expiration date of the federal reimbursement allowance assessment in Sections 208.453 - 208.480 is extended from September 30, 2009, to September 30, 2011, and the intermediate care facility for the mentally retarded provider assessment is extended from June 30, 2009, to June 30, 2011. This proposal contains an emergency clause.

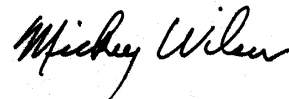
Section 1:

Defines time-frames for state staff associated with referrals from in-home services providers wishing to receive Medicaid funded Home and Community Based 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 Social Services
Department of Health and Senior Services
Department of Mental Health
Office of the Secretary of State
Office of Administration-Administrative Hearing Commission & Budget and Planning
Department of Revenue
Department of Public Safety and Division of Fire Safety
Department of Elementary and Secondary Education
County of Cass
Boone County Sheriff's Department
Springfield Police Department
Department of Corrections
Office of Prosecution Services
St. Joseph Police Department



Mickey Wilson, CPA
Director
May 8, 2009