

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1765-01  
Bill No.: Perfected HB 667  
Subject: Health Care; Health Department; Health, Public; Medical Procedures and Personnel  
Type: Original  
Date: April 4, 2011

Bill Summary: This legislation establishes a prostate cancer pilot program to provide screening, referral services, treatment and outreach.

This legislation will expire six years from the effective date.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
DHSS-Donated Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Income and cost would net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
DHSS-Donated Fund	0 to 4.5 FTE	0 to 4.5 FTE	0 to 4.5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 to 4.5 FTE</b>	<b>0 to 4.5 FTE</b>	<b>0 to 4.5 FTE</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 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### ***Section 191.950:***

Officials from the **Missouri Senate** assume the proposal would have no fiscal impact on their agency.

In response to a similar proposal from this year (SB 38), officials from the **Office of the Missouri State Governor** and the **Missouri House of Representatives** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Social Services** assume since the program is designed for uninsured men, there is no fiscal impact to the MO HealthNet Division. Presumably, if a man is covered by MO HealthNet, the clinic will continue to seek reimbursement from MO HealthNet and reserve these new funds for men who have no coverage.

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 Health and Senior Services (DHSS)** states the following:

Section 191.950. 2.: The DHSS estimates that the following FTE will be required to oversee and monitor the Prostate Cancer Pilot Program in one urban area and one rural area:

ASSUMPTION (continued)

Public Health Senior Nurse (\$45,984, range A29, step H) will be required to coordinate the program including development and implementation of a work plan, conduct medical review and quality assurance, conduct professional development, recruit health care providers, establish contracts, monitor expenditures, and prepare reports.

One Senior Office Support Assistant (\$24,576, range A12, step F) will be required to provide clerical support to the Public Health Senior Nurse, prepare correspondence to health care providers, arrange travel for the Public Health Senior Nurse, type provider participation agreements, and maintain provider databases.

One-half (0.5) of an FTE Research Analyst III (\$38,700, range A25, step G) will be required to provide data management and analysis of the quality, efficiency, and effectiveness of the program.

The Department assumes that most men at the age of 65 will qualify for Medicare and will not be eligible for the pilot program. Therefore, the estimates for the number of men eligible begin at age 35, in order to account for the high-risk men, and end at age 64. Also, the Department assumes that most economically disadvantaged men are included in the uninsured population estimates.

The Department assumes that the urban area pilot program will be held in St. Louis City. According to the 2000 U.S. census, there are 37,623 men ages 35-49, and 19,909 ages 50-64 in this urban area. The Department assumes that the rural area pilot program will be held in Dunklin County. According to the 2000 U.S. Census, there are 3,326 men ages 35-49, and 2,636 men ages 50-64 in this rural area. The 2009 Current Population Survey, Annual Social and Economic Supplement (U.S. Census Bureau CPS/ASES) reports that 19.2 percent of Missouri men ages 35-49 and 11.8 percent of men ages 50-64 report that they are uninsured. Applying these percentages to the 2000 population yields an estimated 9,573 men in St. Louis City who will be eligible to participate in the Prostate Cancer Pilot Program.

- $37,623 \text{ (men age 35-49)} \times 19.2 \text{ percent (percentage of uninsured men age 35-49)} = 7,224$  eligible men age 35-49 in St. Louis City.
- $19,909 \text{ (men age 50-64)} \times 11.8 \text{ percent (percentage of uninsured men age 50-64)} = 2,349$  eligible men age 50-64 in St. Louis City.

Applying the CPS/ASES percentages to the 2000 population yields an estimated 950 men in Dunklin County who will be eligible to participate in the Prostate Cancer Pilot Program.

ASSUMPTION (continued)

- $3,326$  (men age 35-49) x 19.2 percent (percentage of uninsured men age 35-49) = 639 eligible men age 35-49 in St. Louis City.
- $2,636$  (men age 50-64) x 11.8 percent (percentage of uninsured men age 50-64) = 311 eligible men age 50-64 in St. Louis City.

The Department does not have information available as to what percentage of eligible men age 35-54 are considered high-risk for prostate cancer; therefore the calculations include all eligible men for that age group.

The Department estimates that 45 percent of eligible men ages 35-64 will receive screening through the pilot program, resulting in 4,735 ( $10,523$  eligible men x 45 percent) men screened annually.

The estimated annual cost for screening (based on Missouri Medicare Reimbursement Rates for 2010) is \$90.81 per individual for the initial office visit and a Prostate Specific Antigen Test. The total cost to screen 4,735 men would be \$429,985 ( $4,735 \times \$90.81$ ).

According to the most recent data from the Missouri Cancer Registry, 1,788 Missouri men age 35-64 were diagnosed with invasive prostate cancer. The Department estimates that eight (8) cases of those screened on the program will be diagnosed with prostate cancer. The following calculation was used to derive this estimate:

- $1,788$  men age 35-64 diagnosed with cancer/ $1,137,901$  total of all men age 35-64 = 0.16 percent
- $4,735$  estimated eligible men receiving screening x 0.16 percent = 8

The estimated total annual cost for diagnostic tests (based on Missouri Medicare Reimbursement Rates for 2010) per individual diagnosed with cancer is \$1,504.23. The breakdown is as follows:

- \$130.32 for an ultrasound;
- \$233.03 for a biopsy; and
- \$1,140.88 for a whole body tumor imaging (PET & CT) to determine if the prostate cancer has spread to other parts of the body.

The total testing cost for eight (8) annual cases of prostate cancer would be \$12,034 ( $\$1,504.23 \times 8$ ).

According to various studies comparing the prostate cancer treatments, the annual cost to treat prostate cancer is \$7,740. The cost to treat 8 annual cases of prostate cancer would be \$61,920.

ASSUMPTION (continued)

The total healthcare provider contracts would be \$503,939.19 consisting of the screening costs for 4,735 men, the testing for eight men, and the treatment for eight men. ( $\$429,985 + \$12,034 + \$61,920$ ).

Section 191.950.4 states, "The program shall provide: (4) Outreach and education activities to ensure awareness and utilization of program services by uninsured men and economically challenged men."

The Department assumes that the outreach and education components of the pilot program will be outsourced. The following costs would apply:

- \$22,500 for 300 public transportation interior ads annually;
- \$5,000 to purchase airtime on radio stations to advertise the program in areas where the largest number of uninsured men are located;
- \$65,677 for two (2) Outreach Coordinators to conduct 1,600 phone, face-to-face, and mail contacts to men:
  - o two (2) Outreach Coordinators x \$11/hr x 32 hrs/wk x 52 wk/year = \$36,608;
  - o  $\$36,608 \times 45.26$  percent fringe rate = \$16,569;
  - o two (2) Outreach Coordinators x \$5,000 in-state travel = \$10,000; and
  - o postage and supplies = \$2,500.
- \$947 for educational materials to give to clients:
  - o \$473.50 for health education brochures –  $4,735 \times \$0.10$  each; and
  - o \$473.50 for program fact sheets –  $4,735 \times \$0.10$  each.

The estimated number of health education brochures and program fact sheets are based on the number of men eligible for the program. The Department assumes that each man eligible will receive one health education brochure and one program fact sheet.

- \$653.50 for printing of materials for the providers:
  - o \$236.75 for patient history forms –  $4,735$  men eligible x \$0.05 each;
  - o \$236.75 for activity and diagnosis forms –  $4,735 \times \$0.05$  each; and
  - o \$180 for provider manuals –  $30$  providers x \$6.00 each.

The proposed legislation states, "Three years from the date on which the grants were first administered under this section, the Department shall report to the Governor and General assembly: (1) The number of individuals screened and treated under the program, including racial and ethnic data on the individuals who were screened and treated;"

The Department assumes that a new data system will need to be developed for this activity and the application will reside on servers at DHSS. ITSD support will be needed to develop a data

ASSUMPTION (continued)

collection system to record the number of individuals screened and treated under the program, including racial and ethnic data on the individuals who were screened and treated.

The following ITSD costs will apply:

- One (1) Computer Information Technology Specialist II (\$46,290 in FY12, \$56,103 in FY13 and \$56,665 in FY14)\*;
- One (1) Computer Information Technology Specialist I (\$39,320 in FY12, \$47,656 in FY13 and \$48,132 in FY14)\*;
- Two (2) IT Consultants will be required to provide high-level database and programming skills to the application (\$287,040 in FY12, \$143,520 in FY13 and \$0 in FY14);
- Hardware and Software Cost (\$9,411 in FY12, \$9,411 in FY13 and \$9,411 in FY14)

\*Salary only is given for estimating purposes- does not include fringe, indirect, network fees, office supplies or any other expenses.

The Department assumes that a full twelve months of funding will be needed for the education materials/fact sheets, printing costs, and IT consultant costs in FY 2012. All other costs are calculated at ten months.

The Department further assumes that this pilot project will only be funded subject to securing a cooperative agreement with a nonprofit entity. If funding is not received for the pilot, DHSS assumes the pilot would not be implemented. Therefore, DHSS assumes no impact for General Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>DHSS-DONATED FUND</b>			
<u>Income</u> - Department of Health and Senior Services	<u>\$0 to</u> <u>\$1,162,862</u>	<u>\$0 to</u> <u>\$1,179,175</u>	<u>\$0 to</u> <u>\$1,055,836</u>
<u>Costs</u> - Department of Health and Senior Services			
Program Costs	<u>\$0 to</u> <u>(\$1,162,862)</u>	<u>\$0 to</u> <u>(\$1,179,175)</u>	<u>\$0 to</u> <u>(\$1,055,836)</u>
FTE Change - DHSS	0 to 4.5 FTE	0 to 4.5 FTE	0 to 4.5 FTE
<b>ESTIMATED NET EFFECT ON DHSS-DONATED FUND</b>			
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change for DHSS-Donated Fund	0 to 4.5 FTE	0 to 4.5 FTE	0 to 4.5 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

**Section 191.950:**

Subject to secured funding from a non-profit entity, this legislation establishes two prostate cancer pilot programs within the Department of Health and Senior Services to fund prostate cancer screening and treatment services and to provide education to men residing in the state.



FISCAL DESCRIPTION (continued)

One program must be in St. Louis City and one in Pemiscot, New Madrid, or Dunklin county. The Department can contract with the Missouri Foundation for Health to implement the pilot programs. In its main provisions, the legislation:

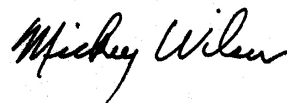
- (1) Specifies that the programs must be open to uninsured men or men who have a gross income of up to 150% of the federal poverty level and who are at least 50 years of age and to men between 35 and 49 years of age who are at high risk for prostate cancer;
- (2) Requires the programs to provide prostate cancer screening, referral and treatment services, and outreach and education activities;
- (3) Requires the Department to distribute grants to local health departments and federally qualified health centers for the administration of the programs; and
- (4) Requires the Department to report to the Governor and the General Assembly three years after the initial grants were first administered regarding the number of individuals screened and treated under the programs, including racial and ethnic data, and any cost savings as a result of the early detection of prostate cancer.

The provisions of the legislation will expire six years from the effective date.

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 Health and Senior Services  
Department of Social Services  
Office of the Missouri State Governor  
Missouri House of Representatives  
Missouri Senate  
Office of the Secretary of State



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