

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2218-01  
Bill No.: HB 986  
Subject: Medicaid; Health Care; Social Services Department; Health Department  
Type: Original  
Date: April 8, 2013

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Bill Summary: This proposal establishes the MO HealthNet Transformation Task Force.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown, could exceed \$50,000)	(Unknown, could exceed \$50,000)	(Unknown, could exceed \$50,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown, could exceed \$50,000)</b>	<b>(Unknown, could exceed \$50,000)</b>	<b>(Unknown, could exceed \$50,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 expenditures net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)** state this proposal establishes the MO HealthNet Transformation Task Force in the DSS to make recommendations for improvements to the state medical assistance health care delivery system. The Director of the DSS is a member. The task force must meet quarterly and prepare a report, including recommendations and a statewide plan, each year until 2024, when the task force expires. Members shall be reimbursed for expenses directly related to the performance of task force duties.

The task force is charged with reporting to the General Assembly on improvements that can be made to the state medical assistance health care delivery system, including:

- Efficient and cost effective ways to provide coverage;
- How coverage can resemble commercially available health plans;
- Promoting healthy behavior and early preventative care;
- How to provide incentives;
- Encouragement of cost effective delivery of care; and,
- Transitioning to private sector health coverage.

The task force will need to engage outside assistance to study and evaluate these technical issues. This may involve contracting with a university, health care research group or actuary. This is not expertise that is available within the Department and could be costly.

DSS estimates the annual cost for operation of the task force, including administrative costs, report production and other activities to support the task force, will be \$500,000 (50% General Revenue and 50% Federal Funds).

**Oversight** assumes DSS, some other state agency, or the federal government has already looked into/researched some of the issues presented by DSS in their assumptions above and the cost of the task force will not be \$500,000 annually. Oversight, therefore, assumes the expenditures for the task force will be unknown, but could exceed \$100,000 annually.

Officials from the **Department of Mental Health**, the **Department of Health and Senior Services** and the **Office of the Governor** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS</u>			
Task force operations costs	<u>(Unknown, could exceed \$50,000)</u>	<u>(Unknown, could exceed \$50,000)</u>	<u>(Unknown, could exceed \$50,000)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Unknown, could exceed \$50,000)</u></b>	<b><u>(Unknown, could exceed \$50,000)</u></b>	<b><u>(Unknown, could exceed \$50,000)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS</u>			
Program reimbursements	Unknown, could exceed \$50,000	Unknown, could exceed \$50,000	Unknown, could exceed \$50,000
<u>Costs - DSS</u>			
Program expenditures	<u>(Unknown, could exceed \$50,000)</u>	<u>(Unknown, could exceed \$50,000)</u>	<u>(Unknown, could exceed \$50,000)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<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

This proposal establishes the 16-member MO HealthNet Transformation Task Force in the Department of Social Services. The members are as follows: (1) The Director of the Department of Social Services, or his or her designee; (2) The Director of the Department of Health and Senior Services, or his or her designee; (3) The Director of the Department of Mental Health, or

FISCAL DESCRIPTION (continued)

his or her designee; (4) Four members of the House of Representatives, including two from each political party; (5) Four members of the Senate, including two from each political party; and (6) Five members from the Missouri health care community who must be appointed by the Governor with Senate approval.

The task force must make recommendations in a report to the General Assembly on improvements that can be made to the state medical assistance health care delivery system. The report must include, but not be limited to: (1) Advice on more efficient and cost-effective ways to provide coverage for MO HealthNet participants; (2) An evaluation of how coverage for MO HealthNet participants can resemble that of commercially available health plans while complying with federal Medicaid requirements; (3) Possibilities for promoting healthy behavior by encouraging patients to take ownership of their health care and seek early preventative care; (4) Advice on the best manner in which to provide incentives, including a shared risk and savings to health plans and providers to encourage cost-effective delivery of care; and (5) Ways that individuals who currently receive medical care coverage through the MO HealthNet Program can transition to obtaining their health coverage through the private sector.

The task force must meet at least quarterly and annually submit by December 31 its recommendations and statewide plan for improvements to the MO HealthNet plan to the Governor, General Assembly, and director of the Department of Social Services. Members of the task force cannot receive any additional compensation but must be eligible for reimbursement for expenses directly related to the performance of task force duties.

The provisions of the proposal expire May 31, 2024.

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 Mental Health  
Department of Health and Senior Services  
Department of Social Services -  
Division of Finance and Administrative Services  
Office of the Governor



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Acting Director  
April 8, 2013