

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0419-01  
Bill No.: SB 38  
Subject: Medicaid; Health Care; Social Services Department; Health Department; General Assembly  
Type: Original  
Date: January 21, 2015

Bill Summary: This proposal modifies provisions relating to the Joint Committee on MO HealthNet.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Less than \$265,000)	(Less than \$265,000)	(Less than \$265,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Less than \$265,000)</b>	<b>(Less than \$265,000)</b>	<b>(Less than \$265,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Joint Contingency *	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Transfer-in and expenses net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.952 - Joint Committee on MO HealthNet

Officials from the **Missouri Senate** state the proposal will have no fiscal impact to the Missouri Senate. However, the language of the proposal establishing a joint committee to study Medicaid issues will likely have a fiscal impact ranging from \$75,000 to \$165,000. This estimate is based on current appropriations (rounded) for the Joint Committees of: Education, \$75,000; Administrative Rules, \$124,000; and Retirement Systems, \$165,000. Costs of employment or consulting contracts to investigate MO HealthNet will depend on the area of specialization needed to complete the project. Also, actuarial services and/or economic forecasting for recipient demographics can range greatly; however, contract costs are likely to be less than \$100,000 annually.

**Oversight** will show a transfer of funds from the General Revenue Fund to the Joint Contingency Fund in an amount of "less than \$265,000" annually to cover the expenses of the Joint Committee on MO HealthNet and the contract/consulting costs to investigate MO HealthNet. Oversight assumes expenditures will equal funds transferred-in and will net to \$0.

Officials from the **Missouri House of Representatives (MHR)** state the bill provides that expenses will be paid from the Joint Contingent Fund **or** the House and Senate Contingent Funds until an appropriation is made. For fiscal note purposes, the MHR assumes they would be responsible for half of the cost for staff, (estimated at \$125,000), half of the cost for equipment and expense (estimated at \$125,000), and committee member expenses of \$6,000 (10 members X 3 meetings per year X \$200 per member) for the Joint Committee on MO HealthNet. Therefore, the MHR assumes it could be responsible for approximately \$128,000 (\$125,000 staff + \$125,000 E&E + \$6,000 member expenses = \$256,000/2 = \$128,000).

**Oversight** notes 208.952.3 of the proposal provides that the committee will meet "at least twice per year" and will not adjust MHR's estimate of expenses for three (3) meetings per year as it is not a significant amount (\$2,000). Expenses proposed by the MHR appear to be in line with information provided by the Senate. Oversight will use the information provided by the Senate because of the costs provided for several joint committees and the inclusion of potential employment/contract costs. Oversight further assumes an appropriation will be made for the Joint Contingency Fund.

Officials from **Department of Elementary and Secondary Education (DESE)** state, depending on the actions of the committee, there could be a cost to the department.

DESE will have access to some state information through the MO Health Information Network exchange. However, DESE does not collect the data required through this proposal, especially at

ASSUMPTION (continued)

the district level. DESE can capture districts' Medicaid revenue at the end of the year through the Annual Secretary of the Board Report (ASBR), but it has no way to project future costs and growth for each school. Costs are unknown.

**Oversight** assumes MO HealthNet growth projections, including enrollment growth categorized by population and geographic area will be primarily the responsibility of the Department of Social Services and DESE will have minimal costs associated with this provision of the proposal.

For the purpose of this proposed legislation, officials from the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime of providing false information to the Joint Committee on MO HealthNet, a new Class A misdemeanor.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases.

**Oversight** assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Missouri Office of Prosecution Services (MOPS)** assume the proposal will have no measurable impact to MOPS. However, the creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

**Oversight** assumes county prosecutors could absorb any increase in cases referred to prosecutors within existing resources.

Officials from the **Department of Corrections (DOC)** state penalty provisions for violations, the component of the proposal to have a potential fiscal impact for DOC, is for a class A misdemeanor. The DOC would not supervise these class A misdemeanor cases. Therefore, this proposal, as written, would have no fiscal impact on the DOC.

Officials from the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Social Services**, **MO HealthNet Division** and the **Division of Legal Services** and the **Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Transfer-out from General Revenue to Joint Contingency Fund</u>			
Transfer for expenses associated with the Joint Committee on MO HealthNet (§208.952)	<u>(Less than \$265,000)</u>	<u>(Less than \$265,000)</u>	<u>(Less than \$265,000)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(Less than \$265,000)</u></b>	<b><u>(Less than \$265,000)</u></b>	<b><u>(Less than \$265,000)</u></b>
 <b>JOINT CONTINGENCY FUND</b>			
<u>Transfer-in from General Revenue Fund</u>			
Transfer-in to cover expenses of the Joint Committee on MO HealthNet (§208.952)	Less than \$265,000	Less than \$265,000	Less than \$265,000
<u>Costs - Joint Committee on MO HealthNet</u>			
Expenses related to monitoring and reviewing information related to the MO HealthNet program (§208.952)	<u>(Less than \$265,000)</u>	<u>(Less than \$265,000)</u>	<u>(Less than \$265,000)</u>
<b>ESTIMATED NET EFFECT ON THE JOINT CONTINGENCY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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

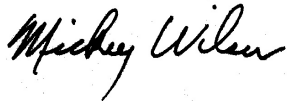
This proposal amends the Joint Committee on MO HealthNet to have as its purpose of study the efficacy of the program as well as the resources needed to continue and improve the MO HealthNet program over time. The committee shall receive and obtain information from the departments of Social Services, Mental Health, Health and Senior Services and Elementary and Secondary Education as applicable, regarding the projected budget of the entire MO HealthNet program including projected MO HealthNet enrollment growth, categorized by population and geographic area.

The committee shall meet at least twice a year. The committee is authorized to hire an employee or enter into employment contracts. The compensation of such personnel and the expenses of the committee shall be paid from the joint contingent fund or jointly from the senate and house contingent funds until an appropriation is made. The committee may also hire or contract for an executive director to conduct investigations to fulfill the duties of the committee. (Section 208.952)

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 Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Corrections  
Department of Social Services  
Missouri House of Representatives  
Missouri Office of Prosecution Services  
Office of State Courts Administrator  
Missouri Senate  
Office of State Public Defender



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January 21, 2015

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