

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1322-01  
Bill No.: SB 260  
Subject: Health Care; Health Care Professionals; Hospitals  
Type: Original  
Date: March 13, 2015

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Bill Summary: This proposal extends the sunset on the hospital reimbursement allowance taxes to September 30, 2016.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

\* Revenues and expenditures of approximately \$1.1 billion annually net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 5 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>
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>

\*Revenues and expenditures of approximately \$1.8 billion annually net to \$0.

<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

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to similar legislation from the current session, SB 167, officials from the **Department of Social Services (DSS)** stated the proposal will have no fiscal impact on their organization. The **DSS, Divisions of MO HealthNet (MHD)** and **Legal Services (DLS)** stated the proposed legislation grants a one-year extension for the Hospital Federal Reimbursement Allowance Tax.

The proposed legislation allows the MHD to collect approximately \$1,091,408,539 in Hospital FRA (Federal Reimbursement Allowance) tax, which will allow MHD to draw in federal funds of approximately \$1,884,321,589 in FY 2016. The FY 2016 budget submitted by DSS assumed the hospital tax would continue through FY 2016. If the proposed legislation does not pass, additional General Revenue funds of \$1,091,408,539 would be needed to continue the current level of services.

In response to SB 167, officials from the **Department of Health and Senior Services** assumed the proposal would not fiscally impact their organization.

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** state this proposal will not impact Total State Revenue and the proposal will not impact the calculation under Article X, Section 18(e). The proposal extends the sunset on the hospital reimbursement allowance tax to September 30, 2016.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (9 months)	FY 2017 (3 months)	FY 2018
<b>HOSPITAL REIMBURSEMENT ALLOWANCE FUND (\$208.480)</b>			
<u>Income - DSS</u>			
Assessment on Medicaid hospital organizations	<u>\$818,556,404</u>	<u>\$272,852,135</u>	<u>\$0</u>
<u>Costs - DSS</u>			
Medicaid program costs	<u>(\$818,556,404)</u>	<u>(\$272,852,135)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON HOSPITAL REIMBURSEMENT ALLOWANCE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS</u>			
Assessment on Medicaid hospital organizations (\$208.480)	\$1,413,241,192	\$471,080,397	\$0
<u>Costs - DSS</u>			
Medicaid program costs	<u>(\$1,413,241,192)</u>	<u>(\$471,080,397)</u>	<u>\$0</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 2016 (9 months)	FY 2017 (3 months)	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.

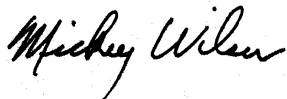
FISCAL DESCRIPTION

This proposal extends the sunset from September 30, 2015, to September 30, 2016, for the Hospital Reimbursement Allowance Tax.

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 -  
    MO HealthNet Division  
    Division of Legal Services  
Office of Administration -  
    Division of Budget and Planning



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March 13, 2015

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March 13, 2015