

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1993-03
Bill No.: SB 419
Subject: Medicaid; Public Assistance; Social Services Department
Type: Original
Date: April 8, 2015

Bill Summary: This proposal creates the Healthcare Transformation Trust Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
General Revenue	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
HealthCare Transformation Trust	\$0	\$0*	\$0	\$0
Various Other State Funds	\$0	\$0**	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

* Transfers-in and expenditures \$0 or unknown and net to \$0 beginning in FY 2017.

** Savings and transfers-out \$0 or unknown and net to \$0 beginning in FY 2017.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Federal*	\$0	0*	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

* Income and transfers-out \$0 or unknown and net to \$0 beginning in FY 2017.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Total Estimated Net Effect on FTE				

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

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2020)
Local Government	\$0	\$0	\$0	\$0

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.

Oversight notes this proposal creates the HealthCare Transformation Trust Fund which is to consist of moneys received from a federal government block grant approved to operate Missouri's MO HealthNet/Medicaid program, other state funds (excluding general revenue) and general revenue savings transferred by the Office of Administration (OA). OA, in conjunction with the Department of Social Services (DSS), the Department of Health and Senior Services (DHSS), and the Department of Mental Health (DMH) is to track general revenue savings achieved through provisions specified in the proposal. OA is to transfer the amounts saved to the HealthCare Transformation Trust Fund in three (3) relatively equal installments no later than November, February and May of each fiscal year. No general revenue funds are to be appropriated to the fund one year after its creation. In addition to other provisions of the proposal, beginning in FY 2020 and every two (2) years thereafter, the University of Missouri is to study or contract with an independent research company to study the effect of the healthcare transformation trust fund in creating economic activity and employment in the state, as well as the resultant state tax revenue. The cost of the study is to be borne by the fund.

The DSS is to seek any necessary waivers and state plan amendments from the federal Department of Health and Human Services (DHHS) and the Centers for Medicare and Medicaid Services (CMS) to implement the provisions of the proposal.

Oversight notes for the year ended June 30, 2014, the state of Missouri received a total of \$5.848 billion in funds from the federal government (DHHS) for the MO HealthNet/Medicaid program. (Source: Missouri Single Audit, Year Ended June 30, 2014, Summary of Type A Programs and Total Expenditures of Federal Awards.)

Oversight assumes this proposal will have an unknown fiscal impact on the General Revenue Fund if a waiver is received from the federal government; however, if a waiver is not received, the proposal will have no fiscal impact. Therefore, Oversight will present the impact on the General Revenue fund as \$0 or Unknown. If a waiver is received, Oversight assumes that the HealthCare Transformation Trust Fund, various Other State Funds and Federal funds will net to

ASSUMPTION (continued)

\$0 as all income/savings will be transferred to the HealthCare Transformation Trust Fund and then those funds will be spent on services to program recipients. Oversight further assumes that provisions of the proposal will not be enacted until at least FY 2017 as the DSS will need to obtain a waiver/state plan amendment from the federal government for a block grant of Medicaid moneys going to the MO HealthNet program.

Officials from the **Office of the Governor**, the **Oversight Division** and the **Office of State Treasurer** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
GENERAL REVENUE FUND				
<u>Savings</u> - DSS, DHSS, DMH Reduction in state share of MO HealthNet/Medicaid expenditures	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer-Out</u> - to HealthCare Transformation Trust Fund Transfer of MO HealthNet/Medicaid savings (subject to appropriations)	\$0	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT - State
Government

	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
--	------------------------	---------	---------	-----------------------------------

**HEALTHCARE
 TRANSFORMATION
 TRUST FUND**

Transfer-In - from General
 Revenue Fund

MO HealthNet/Medicaid savings	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
-------------------------------	-----	----------------	----------------	----------------

Transfer-In - from Various
 Other State Funds

MO HealthNet/Medicaid savings	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
-------------------------------	-----	----------------	----------------	----------------

Transfer-In - Federal Block
 Grant

Federal payments for MO HealthNet/Medicaid program expenses	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
---	-----	----------------	----------------	----------------

Costs - DSS, DHSS, DMH

MO HealthNet/Medicaid program expenditures	\$0	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
--	-----	------------------	------------------	------------------

Costs - University of
 Missouri

Healthcare Transformation Trust Fund study	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown)</u>
--	------------	------------	------------	-------------------------

**ESTIMATED NET
 EFFECT ON THE
 HEALTHCARE
 TRANSFORMATION
 TRUST FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
--	-------------------	-------------------	-------------------	-------------------

FISCAL IMPACT - State
Government

	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
--	------------------------	---------	---------	-----------------------------------

**VARIOUS OTHER
STATE FUNDS**

Savings - DSS, DHSS, DMH
 Reduction in MO
 HealthNet/Medicaid
 expenditures

\$0	\$0 or Unknown		\$0 or Unknown	\$0 or Unknown
-----	----------------	--	-------------------	-------------------

Transfer-Out - to HealthCare
 Transformation Trust Fund
 Transfer to savings
 resulting from reduced
 expenditures (subject to
 appropriations)

<u>\$0</u>	<u>\$0 or (Unknown)</u>		<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
------------	-----------------------------	--	-----------------------------	-----------------------------

**ESTIMATED NET
EFFECT ON OTHER
STATE FUNDS**

<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
------------	------------	--	------------	------------

FEDERAL FUNDS

Income - MO
 HealthNet/Medicaid block
 grant funds

\$0	\$0 or Unknown		\$0 or Unknown	\$0 or Unknown
-----	----------------	--	-------------------	-------------------

Transfer-Out - to HealthCare
 Transformation Trust Fund
 Transfer of MO
 HealthNet/Medicaid block
 grant funds for Medicaid
 expenditures

<u>\$0</u>	<u>\$0 or (Unknown)</u>		<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
------------	-----------------------------	--	-----------------------------	-----------------------------

**ESTIMATED NET
EFFECT ON FEDERAL
FUNDS**

<u>\$0</u>	<u>\$0</u>		<u>\$0</u>	<u>\$0</u>
------------	------------	--	------------	------------

FISCAL IMPACT - Local
Government

FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2020)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could directly impact small healthcare businesses that participate in MO HealthNet/Medicaid program.

FISCAL DESCRIPTION

The Department of Social Services shall seek approval to operate MO HealthNet under a block grant through the creation of the "HealthCare Transformation Trust Fund." The fund shall consist of federal funds through the block grant, state funds specifically appropriated to the fund, and general revenue savings achieved due to: (1) the reduction of state MO HealthNet spending as a result of increased federal funding percentages for MO HealthNet-eligible individuals and (2) the reduction in the number of participants state programs paid for with state-only funds as a result of greater federal funding through the block grant.

By October first of each year, the Office of Administration shall report the amounts identified in this fund in the prior fiscal year to the Governor and the appropriate committees in the General Assembly. The Office of Administration shall, subject to appropriation, transfer the amounts reported to the fund. The transfers shall be made in three installments of relatively equal size no later than November, February, and May of each fiscal year.

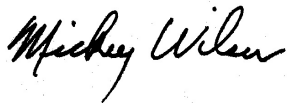
A joint committee consisting of 5 House members and 5 Senate members shall promulgate rules to implement MO HealthNet as funded by the HealthCare Transformation Trust Fund, including rules concerning covered benefits comparable in scope and breadth to non-Medicaid insurance coverage, expanded coverage through private option insurance plans, work participation requirements, and standards of personal responsibility.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 1993-03
Bill No. SB 419
Page 8 of 8
April 8, 2015

SOURCES OF INFORMATION

Office of the Governor
Oversight Division
Office of State Treasurer



Mickey Wilson, CPA
Director
April 8, 2015

Ross Strobe
Assistant Director
April 8, 2015