

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6415-01
Bill No.: SB 1095
Subject: Elderly; Health and Senior Services Department; Insurance - Health; Treasurer, State
Type: Original
Date: April 1, 2016

Bill Summary: This proposal establishes the Senior Services Growth and Development Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Senior Services Growth and Development*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

* Income and expenditures unknown exceeding \$40 million annually and net to \$0 beginning in FY 2018

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state this legislation creates the Senior Services Growth and Development Program Fund, which will be funded by a surcharge on Medicare premiums. The surcharge will be used by the state Area Agencies on Aging. The Medicare premiums subject to the surcharge under the provisions of this bill for 2014 were \$4,084,845,931. It is assumed that the 0.1% surcharge would be collected annually with the first collection in 2018. In 2019 and all subsequent years, collection would be in the following calendar year.

The DIFP believes it can absorb the additional workload that would result from processing the surcharge within existing appropriations. However, should the workload be more than anticipated, the department would request additional appropriation and/or FTE through the budget process.

Officials from the **Department of Health and Senior Services (DHSS)** state the proposed legislation creates the Senior Services Growth and Development Program within the DHSS. Funding for the program will be collected by DIFP and is provided from a surcharge of one percent of annual premiums on various special funding insurance contracts. Funding is to be utilized solely for enhancing senior services provided by Area Agencies on Aging (AAA) of which 50 percent must be applied to development and expansion of senior center programs, facilities, and services. DHSS will disburse the funding to the AAAs utilizing the current funding formula. DHSS will receive annual reports from the AAAs on the use of the monies received and will incorporate the information into current reports.

DHSS assumes the costs of services provided by the AAAs to exceed \$40 million annually beginning in FY 2018 (after the collection of the surcharge on 2017 special insurance contracts).

Oversight assumes the funding provided to the AAAs will equal the expenditures incurred to develop and expand senior center facilities, programs, and services to seniors and the net effect on the Senior Services Growth and Development Program Fund will be \$0.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Revenue** and the **Office of State Treasurer** each assume the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

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.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
SENIOR SERVICES GROWTH AND DEVELOPMENT FUND			
<u>Income - DIFP (\$192.385)</u>			
Premium surcharge on Medicare Supplemental, Part D, and Advantage Plan premiums			
	\$0	Unknown greater than \$40,000,000	Unknown greater than \$40,000,000
<u>Costs - DHSS (\$192.385)</u>			
Additional distributions to AAAs to develop/expand facilities, programs, and services for seniors			
	<u>\$0</u>	<u>(Unknown greater than \$40,000,000)</u>	<u>(Unknown greater than \$40,000,000)</u>
ESTIMATED NET EFFECT ON THE SENIOR SERVICES GROWTH AND DEVELOPMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may have a positive impact on small businesses that work with area agencies on aging to provide services to the elderly.

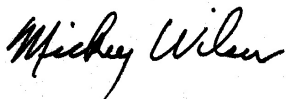
FISCAL DESCRIPTION

This act establishes the "Senior Services Growth and Development Program" in the Department of Health and Senior Services to provide additional funding for senior services provided through area agencies on aging. Beginning January 1, 2017, the Department of Insurance, Financial Institutions, and Professional Registration shall collect a 1% surcharge on annual premiums for Medicare Supplement policies, Medicare Part D policies, and Medicare Advantage plans. The moneys collected shall be placed in a special fund in the state treasury and the Department of Health and Senior Services shall disburse the funds to the area agencies on aging. All area agencies shall report annually to the Department of Health and Senior Services on the distribution and use of the funds.

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 Insurance, Financial Institutions and Professional Registration
Department of Revenue
Joint Committee on Administrative Rules
Office of Secretary of State
Office of State Treasurer



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