

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0718-02
Bill No.: HCS for SB 11
Subject: Medicaid/MO HealthNet
Type: Original
Date: May 7, 2019

Bill Summary: This proposal modifies provisions relating to health care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2023)
General Revenue	Could exceed (\$2,361,284 to \$7,730,027)	Could exceed (\$5,626,566 to \$18,827,517)	Could exceed (\$8,573,381 to \$28,927,636)	Likely to exceed (\$11,547,086 to \$39,282,030)
Total Estimated Net Effect on General Revenue	Could exceed (\$2,361,284 to \$7,730,027)	Could exceed (\$5,626,566 to \$18,827,517)	Could exceed (\$8,573,381 to \$28,927,636)	Likely to exceed (\$11,547,086 to \$39,282,030)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2023)
Organ Donor (0824)	Up to (\$87,443)	Up to (\$21,779)	Up to (\$22,038)	Up to (\$22,303)
Total Estimated Net Effect on Other State Funds	Up to (\$87,443)	Up to (\$21,779)	Up to (\$22,038)	Up to (\$22,303)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 18 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2023)
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

* Income and expenses to exceed \$10.6 to \$35.3 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2023)
Organ Donor	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 FTE
Total Estimated Net Effect on FTE	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 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 2020	FY 2021	FY 2022	Fully Implemented (FY 2023)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§194.225 and 302.171 - Organ donor registry

In response to similar legislation (HB 450), officials from the **Department of Health and Senior Services (DHSS)** assumed the following regarding this proposal:

Sections 194.225.1(1) and 302.171.2, RSMo. of the proposed legislation state the DHSS will work with the Department of Revenue (DOR) to process and provide donor symbol stickers to individuals who want to place a sticker indicating an anatomical gift instead of a printed symbol on their driver license or identification card. When an application to make an anatomical gift is made via the DHSS website, the department shall determine if the symbol is printed on the registrant's driver's license or identification card, and if not, mail a donor symbol sticker to the registrant to place on their license or identification card using first class mail.

DOR data from May 19, 2014 thru June 30, 2018 is reflected in the table below. In addition, the table includes data for the Donor Registry System (DRS), online and paper registrations; actual, percent, and averages are provided.

	May 19, 2014 - May 18, 2015	July 1, 2015 - June 30, 2016	July 1, 2017 - June 30, 2018	Average Annual Number of Individuals
No to Donation so symbol question not asked	840,660	802,507	958,640	867,269
Yes to Donation and Yes to Symbol	724,373	769,580	725,631	739,861
Yes to Donation and No to Symbol	11,200	8,027	5,542	8,256
Total DOR	1,576,233	1,580,114	1,689,813	1,615,386
Online Registrations*	2,706	2,659	366	1,910
Paper Registrations*	2,488	2,339	2,233	2,353

*Online and paper registrations reporting does not coincide with some of the dates in the above table. DHSS has provided the best estimate utilizing dates closest to those presented in the table. The Organ and Tissue Donor Program does not have data for FY 17 from DOR and therefore excluded that year for all rows.

ASSUMPTION (continued)

Section 194.225.5, RSMo. would require the DHSS to mail a donor symbol sticker to every individual who registers to make an anatomical gift via the department's website. The yearly average of online registrants is 1,910 individuals. Subsection 2 of §302.171, RSMo. also allows an individual to request a donor symbol sticker via the department's website if they are already registered to make an anatomical gift. DHSS assumes up to 10 percent of the yearly average say "yes" to a donation at DOR and "no" to the printed symbol may change their mind, and request a donor symbol sticker, which would be 826 requests ($8,256 \times 0.10 = 826$, rounded up). DHSS also assumes that as much as 45.8 percent of individuals who register via a paper registration will request a donor symbol sticker; on the basis that, 45.8 percent of individuals who register at DOR want a donor symbol ($739,861/1,615,386 = 45.8\%$), would equal 1,078 requests ($2,353 \times 0.458 = 1,078$, rounded up). The total number of estimated requests for a donor symbol sticker is, therefore, 3,814 annually ($1,910 + 826 + 1,078 = 3,814$).

DHSS will incur costs for printing an average of 4,000 stickers. The State Printing cost estimate is $\$0.04/\text{each} = \160 . DHSS will incur first class mailing costs for an average of 3,814 letters annually at $\$0.47 = \$1,793$. DHSS will incur costs of window envelopes for 8/boxes of $500 \times \$9.37/\text{box} = \75 .

An office support assistant (OSA) at 0.5 FTE will be required for clerical aspects of fulfilling the necessary paperwork and phone calls related to the proposed requirements. This includes printing letters, affixing stickers to letters, folding letters, stuffing and sealing envelopes, and answering phone calls from applicants who applied for a sticker or want to apply for a sticker. Division of Community and Public Health (DCPH) staff assume 3,814 sticker requests a year, which equates to the OSA processing an approximate average of 73 requests per week, or 15 requests per day. DHSS, accounting for hiring time, assumes this position will begin September 1, 2020. The salary listed for this position ($\$23,628$ annually) reflects the average annual salary of staff in these positions within the Division of Community and Public Health as of December 1, 2018.

The DHSS website will need to be modified to accommodate an application so the public can apply for a sticker. Additionally, the current DRS does not capture data regarding whether individuals say "Yes" or "No" to the symbol at the time of DOR license or identification card application. The DRS system or Organ and Tissue Donor Program staff will need to check with or lookup information in the DOR system for each of the 3,814 annual requests to determine if a symbol was or was not added to the driver license or identification card, develop correspondence to acknowledge receipt of sticker request and indicate the sticker is enclosed. Correspondence will need to include how to adhere the sticker to the license or identification card.

ASSUMPTION (continued)

Oversight is unsure of how much work will be required to implement this proposal; however, Oversight does not have any information to the contrary to DHSS's assumptions. Therefore, Oversight will range the fiscal impact of this proposal from \$0 (does not require additional FTE) to the costs reflected in DHSS's assumptions (0.5 FTE).

Oversight notes the Organ Donor Fund (0824) had a fund balance of \$701,321 as of January 2019.

DHSS also notes Office of Administration (OA), Information Technology Services Division (ITSD) services will be required at a cost of \$61,560 (820.80 hours x \$75 per hour) in FY 2020.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to the Donor Registry system. ITSD estimates the project would take 820.80 hours at a contract rate of \$75 per hour for a total cost to the state of \$61,560. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$61,560) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

Officials from the **Department of Revenue (DOR)** assume to implement the proposed legislation, the Department will be required to:

- Complete programming, business requirements, design documents, and user acceptance testing of the Missouri Electronic Driver License (MEDL) system;
- Work with DHSS to revise informational pamphlets required to be provided to individuals at the time of application regarding the participation in the Organ, Eye and Tissue Donor Registry;
- Submit a change request to the current license vendor to remove the fillable donor information on the back of the driver license and nondriver identification card and request for a placeholder for a sticker issued by DHSS;
- Complete testing with factory print facility for printing the card with the new placeholder;
- Update the mail-in application forms for military renewal applications;
- Update procedures and the Department website;
- Update the Missouri Driver Guide; and
- Train staff.

ASSUMPTION (continued)

FY 2020 - Driver License Bureau

Administrative Analyst II	240 hrs. @ \$17.13 per hr.	= \$ 4,111
Management Analysis Spec II	280 hrs. @ \$20.57 per hr.	= \$ 5,760
Revenue Manager	120 hrs. @ \$20.59 per hr.	= \$ 2,471
Total		= \$12,342

FY 2020 - Personnel Services Bureau

Administrative Analyst III	30 hrs. @ \$19.80 per hr.	= \$ 594
Management Analysis Spec I	20 hrs. @ \$18.42 per hr.	= \$ 368
Total		= \$ 962

Total Costs = **\$13,304**

License Vendor Costs

Estimated cost to modify card design and factory printing process is \$28,000.

Oversight assumes DOR will use existing staff and will not hire additional FTE to conduct these activities; therefore, Oversight will not reflect the administrative costs DOR has indicated on the fiscal note. Oversight will reflect the vendor cost (\$28,000) on the fiscal note.

DOR notes OA, ITSD services will be required at a cost of \$5,346 (71.28 hours x \$75 per hour) in FY 2020.

As stated above regarding DHSS' estimate for 820.8 hours of programming, **Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD/DOR assumes they will contract out the programming changes needed to the MEDL system. ITSD/DOR estimates the project would take 71.28 hours at a contract rate of \$75 per hour for a total cost to the state of \$5,346. Oversight will range the fiscal impact to ITSD/DOR from \$0 (work will be handled by the additional FTE IT Specialist identified as a possible option for DHSS on page 5) to the \$5,346 estimate provided by ITSD/DOR. Oversight will reflect this potential ITSD FTE in the General Revenue Fund.

§208.225 - Capital expenditures by long-term care facilities - rebase

In response to the previous version of this proposal, officials from the **Department of Health and Senior Services (DHSS)** stated the proposed changes to section 208.225 would modify the way the Nursing Facility per diem rate is calculated for MO HealthNet. DHSS assumes there will be a corresponding fiscal impact to Home- and Community-Based Services expenditures because reimbursement for these services is based on the Nursing Facility rates.

ASSUMPTION (continued)

DHSS defers to the Department of Social Services (DSS), MO HealthNet (MHN) to calculate the fiscal impact of altering long-term care facility (nursing home) provider rates.

In estimating the impact on DHSS home- and community-based programs, DHSS used the DSS, MHN nursing home provider rate estimates. Any increase or decrease in the average monthly cost will equate to a corresponding increase or decrease to the monthly maximum allowable cost of home- and community-based services (HCBS) that eligible participants could potentially use. Currently, recipients of State Plan Basic Personal Care and Consumer-Directed Services HCBS are limited to a maximum monthly cost not to exceed 60 percent of the average monthly cost of nursing facilities for a participant, as calculated by DSS. Additionally, recipients of State Plan Advanced Personal Care, as well as Adult Day Care services, within both the Adult Day Care Waiver and the Aged and Disabled Waiver are limited to a maximum monthly cost not to exceed 100 percent of the average monthly cost of nursing facilities for a participant, as calculated by DSS.

DHSS used HCBS participant data for the last three fiscal years where the nursing facility rate increased, but the provider rate did not simultaneously increase (FY 2014, FY 2016, and FY 2018). For the purposes of this fiscal note, only those participants that were authorized for services within the range of the previous fiscal years' 60 percent cap and the new fiscal years' 60 percent cap were considered to be those affected by the HCBS 60 percent cost cap increase in those specific years. By taking an average of the participants with increased authorization within this range from those years, DHSS estimates that the number of participants that will benefit from a new 60 percent cost cap increase would be 1,572 participants per year. DHSS used this participant count and the DSS, MHD estimated rate calculations and ranges to estimate the HCBS cost cap ranging from \$1,932 to \$1,947 for FY 2020, \$1,940 to \$1,972 for FY 2021, and \$1,948 to \$1,998 for FY 2022. Subtracting the FY 2019 cost cap of \$1,924 from these projections results in the increased cost cap range of \$7.67 to \$23.18, \$15.69 to \$47.63, and \$23.91 to \$73.55 per participant for FY 2020, FY 2021, and FY 2022, respectively. DHSS estimates additional total costs ranging from:

FY 2020 - \$144,656 ($\$7.67 * 1,572 * 12$) to \$437,175 ($\$23.18 * 1,572 * 12$);
FY 2021 - \$295,913 ($\$15.69 * 1,572 * 12$) to \$898,302 ($\$47.63 * 1,572 * 12$); and
FY 2022 - \$450,943 ($\$23.91 * 1,572 * 12$) to \$1,387,153 ($\$73.55 * 1,572 * 12$).

Additionally, those participants that were authorized for services within the range of the previous fiscal years' 100 percent cap and the new fiscal years' 100 percent cap were considered to be those affected by the 100 percent nursing facility cost cap increase in those specific years. By taking an average of the participants with increased authorization within this range from those years, DHSS assumed that the number of participants that will benefit from a new 100 percent cost cap increase would be 603 participants per year. DHSS used this participant count and the DSS, MHD estimated rate calculations and ranges to estimate the average monthly nursing

ASSUMPTION (continued)

facility cost cap ranging from \$3,220 to \$3,246 for fiscal year 2020, \$3,233 to \$3,287 for fiscal year 2021, and \$3,247 to \$3,330 for fiscal year. Subtracting the FY 2019 cost cap of \$3,207 from these projections results in the increased cost cap range of \$12.78 to \$38.63, \$26.16 to \$79.39, and \$39.85 to \$122.58 per participant for FY 2020, FY 2021, and FY 2022, respectively. DHSS estimates additional total costs ranging from:

FY 2020 - \$92,527 ($\$12.78 \times 603 \times 12$) to \$279,681 ($\$38.63 \times 603 \times 12$);
FY 2021 - \$189,398 ($\$26.16 \times 603 \times 12$) to \$574,784 ($\$79.39 \times 603 \times 12$); and
FY 2022 - \$288,514 ($\$39.85 \times 603 \times 12$) to \$887,479 ($\$122.58 \times 603 \times 12$).

Accordingly, DHSS estimates total costs ranging from:

FY 2020 - \$237,183 ($\$144,656 + \$92,527$) to \$716,856 ($\$437,175 + \$279,681$);
FY 2021 - \$485,312 ($\$295,913 + \$189,398$) to \$1,473,086 ($\$898,302 + \$574,784$); and
FY 2022 - \$739,457 ($\$450,943 + \$288,514$) to \$2,274,632 ($\$1,387,153 + \$887,479$).

The current FMAP split for FY 2020 is 34.412 % GR and 65.588% Fed.

FY 2020: \$81,620 - \$246,684 (GR) and \$155,564 - \$470,172 (Fed)
FY 2021: \$167,006 - \$506,918 (GR) and \$318,306 - \$966,167 (Fed)
FY 2022: \$254,462 - \$782,746 (GR) and \$484,995 - \$1,491,886 (Fed).

Oversight determined from DHSS officials that the FY 2020 costs in the fiscal note are for a full year. Oversight will present FY 2020 costs for 10 months. Therefore, after applying the FMAP split, FY 2020 costs will be ranged from \$68,017 - \$205,570 (GR) and \$129,637 - \$391,810 (Fed).

It should be noted, based on Oversight's Addendum (p. 10 - 13), it is likely DHSS' estimated increases in HCBS service costs would be higher than projected. Therefore, for fiscal note purposes, Oversight will assume costs will "likely exceed" the costs provided by DHSS.

In response to the previous version of this proposal, officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** stated 208.225.3 states any enrolled MHD intermediate care facility or skilled nursing facility that incurs total capital expenditures in excess of two thousand dollars per bed shall be entitled to obtain a recalculation of its Medicaid per diem reimbursement by MHD. The rate is based on its additional capital costs or all costs incurred during the facility fiscal year when the capital expenditures were made. Recalculations shall become effective and payable by MHD as the date of application for rate adjustment.

ASSUMPTION (continued)

MHD estimates a vendor would be needed to audit/adjust rates for nursing homes. MHD estimates this will cost:

FY 2020 total: \$136,383 (GR \$68,191, FF \$68,191);
FY 2021 total: \$141,565 (GR \$70,782, FF \$70,782); and,
FY 2022 total: \$146,945 (GR \$73,472, FF \$73,472).

Oversight does not have any information to the contrary. However, Oversight notes FY 2020 costs are for a full year. Oversight will reflect the vendor costs for FY 2020 for 10 months rather than 12 months for fiscal note purposes.

MHD used the average rate increase for rate adjustments granted in 2002 for the impact of the "Adjust Capital Rate Only" scenario (adjusted for increase in nursing facility rates between 2002-2019 + 2.1% inflation for SFYs 20-22). MHD only used allowable nursing facility related capital expenditures to determine qualifying facilities (excludes capital expenditures for non-allowable items (construction in progress, vehicles, land, etc) or non-nursing facility related items (RCFs, apartments, etc). MHD assumes a range due to different rates recalculated for the capital costs vs all costs.

Costs associated with adjustment to Capital Rate only:

FY 2020 total: \$3,666,401 (GR \$1,261,682; FF \$2,404,719) to \$11,094,434 (GR \$3,817,817;
FF \$7,276,617);
FY 2021 total: \$7,465,126 (GR \$2,568,899; FF \$4,896,227) to \$22,780,587 (GR \$7,839,256;
FF \$14,941,331); and,
FY 2022 total: \$11,399,319 (GR \$3,922,734; FF \$7,476,585) to \$35,093,336 (GR \$12,076,319;
FF \$23,017,018).

ASSUMPTION (continued)

Oversight Addendum

Oversight obtained additional information from the DSS relating to potential Medicaid costs for capital expenditures by long-term care facilities (rebase). For fiscal note purposes, costs will be taken out to FY 2023.

DSS indicated there are approximately 510 Medicaid-certified long-term care facilities in Missouri. Reimbursement rates (effective July 1, 2018) ranged from \$142.84 to \$184.98 per bed per day. The average occupancy rate per facility is approximately 75%. FY 2019 projected bed days to be paid for by DSS are assumed to be approximately 8.7 million. DSS assumes bed days will increase by approximately 1.5% annually. Therefore, for fiscal note purposes, bed days are assumed to be as follows:

Projected Medicaid Bed Days (1.5% growth factor)

FY 2019	8,700,000
FY 2020	8,830,500
FY 2021	8,962,978
FY 2022	9,097,402
FY 2023	9,233,863

Provisions of this proposal allow intermediate care or skilled nursing facilities that incur more than \$2,000 per bed in capital improvements to obtain a recalculation of its Medicaid per diem reimbursement rate based on its additional capital costs or all costs incurred during the facility fiscal year during which such capital expenditures were made (§208.225.3). Such recalculated reimbursement rate shall become effective and payable when granted by MO HealthNet as of the date of application for a rate adjustment. Once a facility's reimbursement rate is adjusted, the new rate continues indefinitely (or until a new rebasing occurs).

The last time facility rates were rebased by DSS was in 2002. DSS rebased facility rates based on capital improvements only, increased between \$0.05 to \$4.92 per bed, per day (with an average rate increase of \$2.27).

At the 2002 average rate increase of \$2.27 per bed, per day, it would take a 100-bed facility that invests \$200,001 in capital improvements 3.22 years to "recoup" their investment with a 75% occupancy rate (100 beds * 75% = 75 beds * 365 days = 27,375 bed days/year * \$2.27 = \$62,141.25 increase in reimbursement per year; \$200,001 investment/\$62,141.25 = 3.22 years). As an example, Oversight assumes a facility with 100 beds would need to expend \$200,001 in capital improvements to qualify for a rebasing of its per diem rate. Below is a table that provides possible rate increase scenarios depending on the return on investment (ROI) a facility might consider when determining whether or not to invest in additional capital improvements.

ASSUMPTION (continued)

ROI Years	Rate Increase Needed (per bed, per day)
2	\$3.65
5	\$1.46
10	\$0.73
15	\$0.49
20	\$0.37

In supporting documentation received from DSS, using FY 2009 data, DSS assumed 56 facilities would qualify for and seek rate increases per year. Since rate increases would continue every year after a facility rebases, costs would “stack” on top of each other; therefore, if 56 facilities are rebased in FY 2020, those costs would continue each future fiscal year. DSS assumes a 2.40% increase for annual inflation in the 2002 rate adjustment of \$2.27 to \$3.48/bed/day for qualifying facilities for FY 2020.

Oversight notes it is difficult to predict the number of facilities that will be impacted by the rate increase created in the proposal as it depends on each facility’s ROI, which include factors such as the age of the facility and current per diem rate. Additionally, Oversight assumes the proposal could allow a facility to receive a rate increase each year. This may result in some facilities being incentivized to invest in capital expenditures every year while other may not benefit from the proposal. For the purposes of the fiscal note, Oversight assumes up to 25% of the facilities would choose to upgrade each year until, or until all facilities are upgraded. Oversight will use the total bed days and the adjusted rate of \$3.48/bed/day for fiscal note purposes.

ASSUMPTION (continued)

Projected Rebased Days

FY	Annual Projected Bed Days	Days for Facilities Rebasing (25%)
2020	8,830,500	2,207,625
2021	8,962,978	2,240,745
2022	9,097,402	2,274,350
2023	9,233,863	2,308,466

Capital Costs Rebasing

FY	Total Bed Days	Rate Increase per Bed Day	Increase in Costs	Total Costs	General Revenue (34.412%)	Federal Funds (65.588%)
2020	2,207,625	\$3.48	\$6,402,112	\$6,402,112	\$2,203,095	\$4,199,017
2021	2,240,745	\$3.56	\$7,977,050	\$15,659,585	\$5,388,777	\$10,270,809
2022	2,274,350	\$3.65	\$8,301,379	\$23,960,965	\$8,245,447	\$15,715,518
2023	2,308,466	\$3.74	\$8,633,662	\$32,594,627	\$11,216,463	\$21,378,164

However, provisions of the proposal also allow for facilities to rebase on all costs incurred during the facility fiscal year during which such capital expenditures were made rather than just capital costs, as long as the more than \$2,000 investment per bed is made.

Under this assumption, DSS assumed that recalculated per diem rates could increase an average of \$11.65/bed day with a 3.8% annual growth rate for future years. Using a 100-bed facility with 75% occupancy, that invests \$200,001 in capital improvements, they could “recoup” their investment in less than 1 year (100 beds * 75% = 75 beds * 365 days = 27,375 bed days/year * \$11.65 = \$318,919 increase in reimbursements per year; \$200,001 investment/\$318,919 = 0.63 years or 7.6 months).

Oversight notes that each facility’s ROI will be different depending on the age of the facility and current per diem rate. This may result in some facilities being incentivized to invest in capital expenditures every year while other may not benefit from the proposal. Oversight assumes, under the “all cost” method, it is likely that most facilities would choose to invest over \$2,000 in

ASSUMPTION (continued)

capital improvements per bed to obtain a higher per diem rate. Oversight assumes one-fourth of all 510 facilities will choose to rebase each year and is presenting the estimated costs in the table below:

All Costs Rebasing

FY	Total Bed Days	Rate Increase per Bed Day	Increase in Costs	Total Costs	General Revenue (34.412%)	Federal Funds (65.588%)
2020	2,207,625	\$11.65	\$25,710,795	\$21,425,662	\$7,372,999	\$14,052,663
2021	2,240,745	\$12.09	\$27,088,185	\$52,798,980	\$18,169,185	\$34,629,795
2022	2,274,350	\$12.55	\$28,539,234	\$81,338,214	\$27,990,106	\$53,348,108
2023	2,308,466	\$13.03	\$30,079,309	\$111,417,523	\$38,340,998	\$73,076,525

Oversight notes the DSS has assumed there will be additional vendor costs associated with this provision of the proposal. Vendor costs are contracted auditors that go in and audit facility costs to determine the adjusted rates for facilities. Vendor costs for FY 2020 are estimated to be \$136,383; FY 2021 costs are estimated to be \$141,565; and FY 2022 vendor costs are estimated to be \$146,945. Oversight will extrapolate vendor costs to FY 2023 and assumes costs of \$152,323. These costs are reimbursed 50% GR/50% Federal.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other nursing homes were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

FISCAL IMPACT -
State Government

Fully
 Implemented
 (FY 2023)

FY 2020
 (10 Mo.) FY 2021 FY 2022

**GENERAL
 REVENUE FUND**

Costs - DOR
 (§§194.225 &
 302.171) p. 6

Vendor costs (\$28,000) \$0 \$0 \$0

Costs - DOR
 (§§194.225 and
 302.171) p. 6

ITSD costs (ranged
 from contracting out
 programming
 (\$5,346) to hiring
 additional FTE IT
 Specialist to include
 DHSS'

programming needs
 also) (\$5,346) or
 (\$66,632) \$0 or
 (\$80,631) \$0 or
 (\$81,312) \$0 or (\$82,125)

Costs - DHSS
 (§208.225) p. 8

Increase in HCBS
 cap rates Could exceed
 (\$68,017 to
 \$205,570) Could exceed
 (\$167,006 to
 \$506,918) Could exceed
 (\$254,462 to
 \$782,746) Expected to
 exceed
 (\$254,462 to
 \$782,746)

Costs - DSS
 (§208.225) p. 13

Contractor costs Could exceed...
 (\$56,826) Could exceed...
 (\$70,783) Could exceed...
 (\$73,472) Could exceed...
 (\$76,161)
 Increase in capital
 expenditures (\$2,203,095 to
\$7,372,999) (\$5,388,777 to
\$18,169,185) (\$8,245,447 to
\$27,990,106) (\$11,216,463 to
\$38,340,998)

**ESTIMATED NET
 EFFECT ON THE
 GENERAL
 REVENUE FUND**

Could exceed **Could exceed** **Could exceed** **Likely to exceed**
(\$2,361,284 to **(\$5,626,566 to** **(\$8,573,381 to** **(\$11,547,086 to**
\$7,730,027) **\$18,827,517)** **\$28,927,636)** **\$39,282,030)**

FISCAL IMPACT -
State Government

ORGAN DONOR
FUND (0824)

Costs - DHSS
 (§§194.225 and
 302.171) p. 4

	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2023)
Personal service	\$0 or (\$9,485)	\$0 or (\$11,932)	\$0 or (\$12,051)	\$0 or (\$12,172)
Fringe benefits	\$0 or (\$3,000)	\$0 or (\$3,636)	\$0 or (\$3,672)	\$0 or (\$3,709)
Equipment and expense	\$0 or (\$11,370)	\$0 or (\$4,183)	\$0 or (\$4,287)	\$0 or (\$4,394)
Mailing costs	(\$1,793)	(\$1,793)	(\$1,793)	(\$1,793)
Postage costs	(\$75)	(\$75)	(\$75)	(\$75)
Printing of stickers	<u>(\$160)</u>	<u>(\$160)</u>	<u>(\$160)</u>	<u>(\$160)</u>
Total <u>Costs - DHSS</u>	<u>(\$2,028 or</u> <u>\$25,883)</u>	<u>(\$2,028 or</u> <u>\$21,779)</u>	<u>(\$2,028 or</u> <u>\$22,038)</u>	<u>(\$2,028 or</u> <u>\$22,303)</u>
FTE Change - DHSS	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 FTE

Cost - DHSS
 (§§194.225 and
 302.171) p. 5
 ITSD costs (ranged
 from contracting out
 programming
 (\$61,560) to hiring
 additional FTE IT
 Specialist in
 General Revenue
 above)

	<u>(\$61,560)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
--	-------------------	------------	------------	------------

ESTIMATED NET
EFFECT ON THE
ORGAN DONOR
FUND

	<u>Up to</u> <u>(\$87,443)</u>	<u>Up to</u> <u>(\$21,779)</u>	<u>Up to</u> <u>(\$22,038)</u>	<u>Up to</u> <u>(\$22,303)</u>
--	-----------------------------------	-----------------------------------	-----------------------------------	-----------------------------------

Estimate Net FTE
 Change to the Organ
 Donor Fund

	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 FTE	0 or 0.5 FTE
--	--------------	--------------	--------------	--------------

FISCAL IMPACT -
State Government

	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2023)
FEDERAL FUNDS				
<u>Income - DHSS</u> (§208.225) p. 8				
Increase in HCBS program reimbursements	Could exceed \$129,637 to \$391,810	Could exceed \$318,306 to \$966,167	Could exceed \$484,995 to \$1,491,886	Likely to exceed \$484,995 to \$1,491,886
<u>Income - DSS</u> (§208.225) p. 13				
Reimbursement for contractor costs	Could exceed... \$56,826	Could exceed... \$70,783	Could exceed... \$73,472	Could exceed... \$76,162
Reimbursement for increase in capital expenditures	<u>\$4,199,018 to</u> <u>\$14,052,664</u>	<u>\$10,270,809 to</u> <u>\$34,629,795</u>	<u>\$15,715,518 to</u> <u>\$53,348,108</u>	<u>\$21,378,164 to</u> <u>\$73,076,525</u>
Total <u>All Income</u>	Could exceed <u>\$4,385,481 to</u> <u>\$14,501,300</u>	Could exceed <u>\$10,659,898 to</u> <u>\$35,666,745</u>	Could exceed <u>\$16,273,985 to</u> <u>\$54,913,466</u>	Likely to exceed <u>\$21,939,321 to</u> <u>\$74,644,573</u>
<u>Costs - DHSS</u> (§208.225) p. 8				
Increase in HCBS cap rates	Could exceed (\$129,637 to \$391,810)	Could exceed (\$318,306 to \$966,167)	Could exceed (\$484,995 to \$1,491,886)	Likely to exceed (\$484,995 to \$1,491,886)
<u>Costs - DSS</u> (§208.225) p. 13				
Contractor costs	Could exceed... (\$56,826)	Could exceed... (\$70,783)	Could exceed... (\$73,472)	Could exceed... (\$76,162)
Increase in capital expenditures	<u>(\$4,199,018 to</u> <u>\$14,052,664)</u>	<u>(\$10,270,809 to</u> <u>\$34,629,795)</u>	<u>(\$15,715,518 to</u> <u>\$53,348,108)</u>	<u>(\$21,378,164 to</u> <u>\$73,076,525)</u>
Total <u>All Costs</u>	<u>(\$4,385,481 to</u> <u>\$14,501,300)</u>	<u>(\$10,659,898 to</u> <u>\$35,366,745)</u>	<u>(\$16,273,985 to</u> <u>\$54,913,466)</u>	<u>(\$21,939,321 to</u> <u>\$74,644,573)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2023)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Local contract license offices may be impacted due to an increase in inquiries regarding the new donor symbol sticker option as a result of this proposal. (§§194.225 and 302.171)

FISCAL DESCRIPTION

This bill allows a donor to make an anatomical gift by placing a donor symbol sticker authorized and issued by the Department of Health and Senior Services on the back of the donor's driver's license or identification card.

The department shall include on its website information about organ donation and a link where the person making an anatomical gift can register. Once a person has registered, the department will contact the Department of Revenue to determine whether the organ donor symbol is printed on a registrant's driver's license or identification card. If the donor symbol does not appear, the department will mail a donor symbol sticker to be placed on the back of the registrant's driver's license or identification card.

State agencies and departments may provide a link on the homepage of their website directing the public to the organ donation information and registration link. (§§194.225 and 302.171)

Under this act, any intermediate care facility or skilled nursing facility participating in MO HealthNet that incurs total capital expenditures in excess of \$2,000 per bed shall be entitled to obtain a recalculation of its Medicaid per diem reimbursement rate based on its additional capital costs or all costs incurred during the facility fiscal year during which such capital expenditures were made. (§208.225)

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. 0718-02
Bill No. HCS for SB 11
Page 18 of 18
May 7, 2019

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Revenue
Department of Social Services



Kyle Rieman
Director
May 7, 2019

Ross Strobe
Assistant Director
May 7, 2019