

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4078-05  
Bill No.: HCS for SS for SCS for SB 718  
Subject: Veterans; Military Affairs; National Guard; Attorney General; Attorneys;  
 Children and Minors; Children’s Division; Suicide; Department of Health and  
 Senior Services; Health Care  
Type: Original  
Date: May 6, 2020

Bill Summary: This proposal modifies provisions relating to military affairs.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$1,246,891)	(\$303,716)	(\$183,054)
<b>Total Estimated Net Effect on General Revenue*</b>	<b>(\$1,246,891)</b>	<b>(\$303,716)</b>	<b>(\$183,054)</b>

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE, OTHER STATE FUNDS AND FEDERAL FUNDS (Department of Military Forces only )</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Department of Public Safety**	\$0 or \$22,485,373	\$0 or \$44,970,747	\$0 or \$44,970,747
Department of Military Forces**	\$0 or could exceed (\$22,585,373)	\$0 or could exceed (\$45,170,747)	\$0 or could exceed (\$45,170,747)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or Could exceed (\$100,000)</b>	<b>\$0 or Could exceed (\$200,000)</b>	<b>\$0 or Could exceed (\$200,000)</b>

\*\* The current appropriation for the Office of the Adjutant General is out of several state and federal funds (see page 6 for a breakout). This transfer is dependent upon voter approval.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 14 pages.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
General Revenue	2 FTE	2 FTE	2 FTE
Department of Public Safety*	-469.05 FTE	-469.05 FTE	-469.05 FTE
Department of Military Forces*	469.05 FTE	469.05 FTE	469.05 FTE
Department of Military Forces (new)	Could exceed 2 FTE	Could exceed 2 FTE	Could exceed 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 4 FTE</b>	<b>Could exceed 4 FTE</b>	<b>Could exceed 4 FTE</b>

\* Reallocation of FTE nets to zero.

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 2021</b>	<b>FY 2022</b>	<b>FY 2023</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.

ASSUMPTION (continued)

§9.182 - Deaf Awareness Month and Week

**Oversight** notes the **Department of Elementary and Secondary Education** and the **Department of Health and Senior Services** have each stated the proposal would not have a direct fiscal impact on their organizations.

In response to a similar proposal (HB 1572), officials from the **Office of Administration** assumed the proposal will have no fiscal impact on their organization.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§9.297 - Military Family Month

**Oversight** notes the **Department of Public Safety - Missouri Veterans Commission** has stated the proposal would not have a direct fiscal impact on their organization.

In response to a similar proposal from (HB 1328), officials from the **Office of Administration** and the **Department of Public Safety - Missouri National Guard** each assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§9.300 - Buddy Check 22 Day

Officials from the **Office of Administration**, the **Department of Public Safety - Missouri Veterans Commission** and the **Department of Public Safety - Missouri National Guard** each assume the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§9.305 - Ghost Army Recognition Day

In response to a similar proposal (HB 1852), officials from the **Office of Administration** assumed the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

**Oversight** notes that the Office of Administration has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§10.230 - Missouri Korean War Veterans Memorial

Officials from the **Department of Public Safety - Missouri Veterans Commission** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal (SB 656), **Oversight** notes the **Office of Administration** has stated the proposal would not have a direct fiscal impact on their organization.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§27.115 - Attorney General Military Program

Officials from the **Attorney General's Office (AGO)** assume that if §27.115 becomes law, the AGO will be mandated to create and oversee a program not currently required by state law. As a result, the AGO would require one (1) Assistant Attorney General (AAG) I at an annual salary of \$45,500 and one (1) Paralegal at an annual salary of \$42,000 along with necessary office equipment to administer the program.

Additionally, the legislation requires the AGO to market and publicize the program which the AGO assumes will create substantial costs for travel, lodging, and materials. Therefore, in addition to two (2) FTE, the AGO assumes additional costs in this area.

**Oversight** does not have any information contrary to that provided by AGO. Therefore, Oversight will reflect AGO's impact for fiscal note purposes to the General Revenue Fund.

§36.020 - Modifies the definition of surviving spouse in provisions relating to the merit system

In response to a similar proposal (SB 620), officials from the **Office of Administration** and the **Department of Public Safety - Missouri National Guard** each assumed the proposal will have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

ASSUMPTION (continued)

§41.035 and 650.005 - Transfers the Office of the Adjutant General to the Department of Military Forces

In response to a similar proposal (SB 896), officials from the **Department of Public Safety - Missouri National Guard (MNG)** believed there is a potential fiscal impact of \$150,000 - \$200,000 to our personal services. This potential impact would cause reorganizing into a department structure which would create Division Directors, a Deputy Director and Department Director. The unknown at this time is our ability to pay a percentage of certain employees with federal money depending on their funding source and involvement with military missions.

**Oversight** notes the concerns of the MNG and realizes with a restructure new duties and pay ranges may be established or affected. Therefore, Oversight will reflect a cost of \$0 or Could exceed (\$200,000) to the Department of Military Forces' budget for additional salaries (including fringe benefits) as well as other department-specific personnel that may be required (budget, general counsel, etc.) by creating another department.

In response to a similar proposal (SB 896), officials from the **Office of Administration - General Services (OA/GS)** stated if the creation of a Department of Military Forces and the other changes are interpreted to increase the number of people covered by state workers' compensation benefits and the Legal Expense Fund, then there could be an increase in costs to the state for workers' compensation benefits and costs to the LEF, if claims are successfully brought.

The number of potential claims, the severity of those claims, and the ultimate costs associated with any settlement or judgment resulting from those claims cannot be forecasted with any degree of assurance to their accuracy.

The state self-assumes its own liability for workers' compensation benefits and under the state Legal Expense Fund, Section 105.711, RSMo. The LEF is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified and individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General.

**Oversight** assumes the new personnel caused by creating a new department would not materially change the number of people covered by state workers' compensation benefits and would have no fiscal impact upon the OA/GS and will reflect a zero impact for fiscal note purposes.

ASSUMPTION (continued)

In response to a similar proposal (SB 896), officials from the **Office of the Secretary of State (SOS)** stated 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 \$5,000. 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 require additional resources.

In response to a similar proposal (SB 1057), **Oversight** notes the **Governor's Office** has stated the proposal would not have a direct fiscal impact on their organization.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

According to HB 8 (2019), the total amount appropriated to the Office of the Adjutant General for FY 2020, by fund is:

General Revenue	\$7,904,523
Missouri National Guard Trust Fund	\$5,275,256
Federal Drug Seizure Fund	\$240,000
Veterans' Commission Capital Improvement Trust Fund	\$635,628
Federal Funds	\$30,388,904
Adjutant General Revolving Fund	\$25,000
Missouri Military Family Relief Fund	\$150,000
National Guard Training Site Fund	\$351,436
<b>Total</b>	<b>\$44,970,747</b>

**Oversight** notes the provisions of this act are contingent upon the passage of a constitutional amendment that provides for the establishment of the Department of Military Forces. Oversight assumes the constitutional amendment will be presented at the next general election in November

ASSUMPTION (continued)

2020. Therefore, Oversight will range the fiscal impact of the transfer from \$0 (joint resolution is rejected by the voters) or to the annual appropriation for the Department of Public Safety - Office of the Adjutant General. Oversight will assume 6 months of impact (starting January 2021 after approval in November 2020) in FY 2021.

§192.2305 - State ombudsman to respond to concerns involving Missouri veterans' homes

**Oversight** notes the **Department of Health and Senior Services** and the **Department of Public Safety - Missouri Veterans Commission** have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

§§208.151 and 210.109 - Temporary suspension of MO HealthNet and Child protection/determination if the person is a member of the military

In response to a previous version, officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** stated this proposal requires changes to the Family Assistance Management Information System (FAMIS), MO HealthNet Division (MHD) systems, the Missouri Eligibility Determination and Enrollment System (MEDES).

It is assume that every new IT project/system will be bid out because all ITSD resources are at full capacity. The standard IT consultant contract rate is \$95 per hour.

Changes for FAMIS pertain to temporarily suspending MO HealthNet benefits and then reinstating them based on the participant residing within the state. FAMIS does have eligibility determination factors to verify if a participant requesting benefits resides within the State of Missouri and approves/rejects based on the current business rules. However, at this time, there is no way of identifying if a participant is part of the Armed Forces. This estimate includes system changes to gather this data through an existing screen change or including a new screen.

The fiscal note also adds a provision for a member of the Armed Forces to continue his/her benefits even if they do not reside within the State of Missouri but is here temporarily for military duty. This, too, is a new functionality not available at this time. This involves changes to the eligibility determination process.

It is estimated these system changes will require 1,097.28 hours. Total one-time costs to the General Revenue Fund for these **FAMIS** changes are estimated at **\$104,242** (1,097.28 x \$95/hr).

ASSUMPTION (continued)

Changes for MHD systems are required because 42 CFR 435.403 requires states to provide Medicaid coverage to eligible residents of the state including residents who are temporarily absent from the state. Developmental disability services are covered under the family categories of MO HealthNet and the Children's Health Insurance Program. Since coverage for these services continues while absent from the state, there is no benefit to suspending the coverage.

Section 208.151.7(2) requires eligibility for MO HealthNet developmental disability services for members of the Armed Forces or an immediate family member who are temporarily residing in Missouri and would otherwise be eligible for MO HealthNet developmental disability services. Eligibility for the Medicaid/MO HealthNet categories that typically include coverage for developmental disabilities is determined by the Missouri Eligibility Determination and Enrollment System (MEDES). These categories provide a wide range of coverage that encompasses more than developmental disability services. As a result, a new Medicaid Eligibility code will need to be created to limit the service package.

It is estimated the changes to **MHD systems** will require approximately 328.32 hours, costing a total of **\$31,190** (328.32 x \$95/hr).

Section 208.151.7(2) requires eligibility for MO HealthNet developmental disability services for members of the Armed Forces or an immediate family member who are temporarily residing in Missouri and would otherwise be eligible for MO HealthNet developmental disability services. Eligibility for the Medicaid/MO HealthNet categories that typically include coverage for developmental disabilities is determined by the Missouri Eligibility Determination and Enrollment System (MEDES). These categories provide a wide range of coverage that encompasses more than developmental disability services. As a result, a new Medicaid Eligibility code will need to be created to limit the service package.

System modifications to **MEDES, MO HealthNet Systems** and the **Missouri Medicaid Information System (MMIS)** will be required.

The eligibility determination will occur in MEDES. Modifications will be required to the residency requirement to allow eligibility for out-of-state residents temporarily staying in Missouri for military service. If eligible on all other existing factors, provide coverage under the new Medicaid Eligibility code. The DCN will be stored on an eligibility file to be processed by MO HealthNet systems.

MO HealthNet reads the DCN's on the eligibility file and queries MEDES, Youth Services, Family and Children Electronic System (FACES/child welfare) and the Family Assistance



ASSUMPTION (continued)

Management Information System to build the complete eligibility history for each DCN and transmits it to the MMIS. The history is the complete set of ME code segments with start and stop dates for each individual.

MMIS uses the history to process medical claims from health care providers. The new ME code ensures that only MO HealthNet developmental disability services are covered for this population.

MEDES is currently maintained under contract with Redmane, LLC. Contract #C2170849002 includes provisions for system changes via Project Assessment Quotations (PAQ's) and includes hourly rates for design, development and implementation services by resource type.

Some of the modifications to MEDES that will be required in order to meet the provisions of 208.151.7(2) include:

1. Add two new evidences and outstanding verification (OV) items to Curam:
  - a. Armed Forces service status and length of stay;
  - b. Developmental disability.
2. Addition/modifications of Curam Intelligent Evidence Gathering (IEG) scripts to capture new information in the Citizen Portal and Worker Portal:
  - a. Follow residence question conditionally (when applicant indicates they are not a resident of Missouri) with questions about service status in Missouri and when the status is anticipated to change.
3. Modifications to Curam Express Rules:
  - a. Residency requirements changes;
  - b. Eligibility rules changes - maintain existing rules for the MO HealthNet programs with the exception of the residency requirement;
  - c. New Medicaid Eligibility (ME) code to provide eligibility for developmental disability services only.
4. ME Comparator changes:
  - a. The system does a Medicaid eligibility determination for the existing Medicaid and CHIP categories - if determined eligible, assign the new ME code that provides only the limited developmental disability services.
5. Create new approval and closing reasons to be used for notice generation - notice to advise the applicant they are approved for MO HealthNet and provided coverage for developmental disability services only.
6. Notice changes.
7. Modify programming for Determination Summary Table (DST) to accommodate new ME code.

ASSUMPTION (continued)

8. Create a new management report listing cases and individuals covered under this provision and a new management report listing cases and individuals that are still active but the current date is greater than the projected end date.

Costs for **MEDES, MO HealthNet Systems** and **MMIS** changes are estimated to be **\$858,900** for FY 2021 with on-going costs for FY 2022 estimated to be **\$122,700**. All costs will be to the General Revenue Fund.

Section 210.109 requires ITSD to modify the existing Family and Children’s Electronic System (FACES) application including impact to the Background Screening (BSUI) and Foster Care Safety Registry (FCSR) components. The assumption is the development of the new system letter will be similar to the programming logic already utilized with other letters generated in the **FACES** application. It is assumed this will require 907.20 IT consultant hours at \$95/hour for a total one-time cost of **\$86,184** to the General Revenue Fund.

It is estimated the changes to **MEDES, MHD systems, MMIS** and **FACES** will cost **\$1,080,516** in FY 2021, with on going costs in FY 2022 of **\$122,700**.

Total all ITSD costs to the General Revenue Fund:

	<u>2021</u>	<u>2022</u>
FAMIS	\$104,242	\$0
MHD systems	\$31,190	\$0
MEDES, MHD systems and MMIS	\$858,900	\$122,700
FACES	<u>\$86,184</u>	<u>\$0</u>
Total	<b><u>\$1,080,516</u></b>	<b><u>\$122,700</u></b>

**Oversight** does not have any information contrary to that provided by OA,ITSD/DSS. Therefore, Oversight will reflect OA,ITSD/DSS’s impact for fiscal note purposes.

§§620.2005 and 620.2010 - Economic Incentives for the Creation of Military Jobs

In response to a similar proposal (SB 1057), officials from the **Office of Administration - Budget and Planning (B&P)** stated this proposal clarifies that the Missouri Works program is available for both full-time and part-time employees for certain projects. To the extent businesses qualify for additional tax credits this proposal could impact General and Total State Revenues and the calculation pursuant to Article X, Section 18(e). Additionally, to the extent this proposal encourages other economic activity, General and Total State Revenue may increase, but B&P cannot estimate the induced revenues.

ASSUMPTION (continued)

In response to a similar proposal (SB 1057), **Oversight** notes the **Department of Economic Development** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Bill as a Whole

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

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

**Oversight** notes the **Department of Commerce and Insurance**, the **Department of Mental Health**, the **Department of Public Safety - (Office of the Director and the Missouri State Highway Patrol)**, the **Department of Revenue**, the **Department of Conservation**, the **Department of Social Services**, and the **Department of Transportation** have each stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>GENERAL REVENUE FUND</b>			
<u>Costs - AGO (§27.115) To administer program for members of the military and their families p. 4</u>			
Personal Service	(\$78,913)	(\$95,643)	(\$96,599)
Fringe Benefit	(\$45,407)	(\$54,803)	(\$55,121)
Equipment and Expense	(\$29,555)	(\$15,195)	(\$15,575)
Travel	(\$12,500)	(\$15,375)	(\$15,759)
<u>Total Costs - AGO</u>	<u>(\$166,375)</u>	<u>(\$181,016)</u>	<u>(\$183,054)</u>
FTE Change - AGO	2 FTE	2 FTE	2 FTE
 <u>Costs - OA, ITSD/DSS (§§208.151 and 210.109 - FAMIS, MHD systems, MEDES, MMIS and FACES updates p 7-10</u>			
	(\$1,080,516)	(\$122,700)	\$0
 <b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	 <b><u>(\$1,246,891)</u></b>	 <b><u>(\$303,716)</u></b>	 <b><u>(\$183,054)</u></b>
 Estimated Net FTE Change for the General Revenue Fund	 2 FTE	 2 FTE	 2 FTE
 <b>DEPARTMENT OF PUBLIC SAFETY</b>			
<u>Reallocation - Adjutant General funding and 469.05 FTE from DPS to the Department of Military Forces p. 5-7</u>			
	\$0 or <u>\$22,485,373</u>	\$0 or <u>\$44,970,747</u>	\$0 or <u>\$44,970,747</u>
 <b>ESTIMATED NET EFFECT TO THE DEPARTMENT OF PUBLIC SAFETY (Across all funds)</b>	 <b><u>\$0 or \$22,485,373</u></b>	 <b><u>\$0 or \$44,970,747</u></b>	 <b><u>\$0 or \$44,970,747</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>DEPARTMENT OF MILITARY FORCES</b>			
<u>Reallocation</u> - Adjutant General funding and 469.05 FTE into the Department of Military Forces p. 5-7	\$0 or (\$22,485,373)	\$0 or (\$44,970,747)	\$0 or (\$44,970,747)
<u>Cost</u> - MNG-DOMF Additional Personal Services expenses (could exceed 2 FTE)	<u>\$0 or (Could exceed \$100,000)</u>	<u>\$0 or (Could exceed \$200,000)</u>	<u>\$0 or (Could exceed \$200,000)</u>
<b>ESTIMATED NET EFFECT TO THE DEPARTMENT OF MILITARY FORCES (Across all funds)</b>	<b>\$0 or (\$22,485,373, or could exceed <u>\$22,585,373</u>)</b>	<b>\$0 or (\$44,970,747, or could exceed <u>\$45,170,747</u>)</b>	<b>\$0 or (\$44,970,747, or could exceed <u>\$45,170,747</u>)</b>

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

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal modifies provisions relating to military affairs.

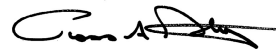
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office  
Department of Commerce and Insurance  
Department of Conservation  
Department of Economic Development  
Department of Elementary and Secondary Education  
Governor's Office  
Department of Health and Senior Services  
Joint Committee on Administrative Rules  
Department of Mental Health  
Department of Public Safety  
Department of Revenue  
Department of Social Services  
Department of Transportation  
Office of Administration  
Office of Administration - Budget and Planning  
Office of Secretary of State



Julie Morff  
Director  
May 6, 2020



Ross Strobe  
Assistant Director  
May 6, 2020