

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1575S.01I
Bill No.: SB 420
Subject: Health Care; Hospitals; Department of Health and Senior Services
Type: Original
Date: February 3, 2023

Bill Summary: This proposal modifies the definition of "hospital" to include rural emergency hospitals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- ☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§197.020 – Term “hospital” includes rural emergency hospitals

Officials from the **Department of Social Services (DSS), MoHealthNet Division (MHD)** state. it is difficult to assess the fiscal impact because MHD does not know which hospitals would opt for this reimbursement designation over the current reimbursement. MHD does not know if this reimbursement designation would incentivize any new facilities to be established. For existing hospitals opting for this reimbursement, it is likely the inpatient services that would be removed in these facilities would be displaced to other hospitals. It is unknown if the cost of that inpatient transition to other hospitals would be more costly. The designation allows for a 5% increase in Medicare payments for outpatient services. If a similar payment methodology would be applied in the Medicaid state plan, it would likely be a minimum impact to overall Medicaid hospital reimbursement. Additionally, the hospital tax would also apply to the new designation under the current statute; it is unknown what the net impact to the hospital tax would be from the transition of inpatient services and the utilization of outpatient services under the new designation. Without having better information on the number of hospitals, if any that would opt for this designation, the relatively small increase in rates, and unknown impact of inpatient transitions, MHD assumes no fiscal impact.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect no material fiscal impact for this agency.

Officials from the **Department of Health and Senior Services** assume the proposal will have no 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, several hospitals were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<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.

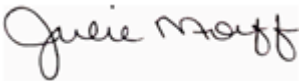
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

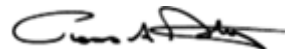
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Social Services



Julie Morff
Director
February 3, 2023



Ross Strobe
Assistant Director
February 3, 2023