

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3302S.04P  
Bill No.: Perfected SS for SB 748  
Subject: Medicaid/MO HealthNet; Department of Social Services; Public Assistance;  
Mental Health; Nursing Homes and Long-Term Care Facilities; Hospitals;  
Ambulances and Ambulance Districts; Pharmacy; Disabilities; Health Care  
Type: Original  
Date: May 2, 2024

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Bill Summary: This proposal modifies provisions relating to reimbursement allowance taxes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Ambulance Services Reimbursement Allowance* (0958)	\$5,985,000	\$7,980,000	\$7,980,000
Nursing Facility Federal Reimbursement Allowance** (0196)	\$126,150,000	\$168,200,000	\$168,200,000
Federal Reimbursement Allowance*** (0142)	\$915,000,000	\$1,220,000,000	\$1,220,000,000
Pharmacy Reimbursement Allowance**** (0144)	\$34,875,000	\$46,500,000	\$46,500,000
ICR/MR Reimbursement Allowance***** (0901)	\$4,410,000	\$5,880,000	\$5,880,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds*****</b>	<b>\$1,086,420,000</b>	<b>\$1,448,560,000</b>	<b>\$1,448,560,000</b>

\* Oversight assumes expenditure of approximately \$7.98 million annually for a net of \$0.  
 \*\* Oversight assumes expenditure of approximately \$168.2 million annually for a net of \$0.  
 \*\*\* Oversight assumes expenditure of approximately \$1.22 billion annually for a net of \$0.  
 \*\*\*\* Oversight assumes expenditure of approximately \$46.5 million annually for a net of \$0.  
 \*\*\*\*\* Oversight assumes expenditure of approximately \$5.88 million annually for a net of \$0.  
 \*\*\*\*\***Oversight notes the extensions of the federal reimbursement allowance taxes expire September 30, 2029 with the Senate Substitute.**

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds**</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* FRA Income and expenditures of approximately \$2.8 billion annually and net to \$0. \*\*  
**Oversight notes the extensions of the federal reimbursement allowance taxes expire September 30, 2029 with the Senate Substitute.**

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§190.839, 198.439, 208.437, 208.480, 338.550, and 633.401 - Provider reimbursement allowance taxes

Officials from the **Department of Social Services (DSS)** state the passage of the proposed legislation would not fiscally impact DSS for §§190.839, 198.439, 208.437, 208.480, 338.550 and 633.401. However, if the proposed legislation does not pass, additional funding will be needed to maintain the current level of services. The numbers provided are based on an annual total for each program.

§190.839 - Ambulance Provider Tax: The proposed legislation allows the MO HealthNet Division (MHD) to collect approximately \$7.98 million in Ambulance Tax annually which will allow MHD to draw in federal funds of approximately \$18.7 million each year. The FY25 budget submitted by the DSS assumes the ambulance tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional General Revenue (GR) funds of \$7.98 million per year would be needed to continue the current level of services.

§198.439 - Nursing Facility Reimbursement Allowance Tax: **DSS** states the proposed legislation allows the MHD to collect \$168.2 million annually in Nursing Facility Tax which will allow MHD to draw in federal funds of \$326.7 million each year. The FY25 budget submitted by the DSS, and all future budgets that will be submitted, assumes the nursing facility tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional GR funds of \$168.2 million per year would be needed to continue the current level of services.

§208.437 - Medicaid Managed Care Provider Tax: The MHD is not currently collecting the Managed Care Provider Tax. The federal sunset for the managed care organization reimbursement allowance was September 30, 2009. This section of the proposed legislation will not have an impact on MO HealthNet.

As the MHD is not currently collecting the Managed Care Provider Tax, **Oversight** is not including this tax in the fiscal note tables.

§208.480 - Hospital Federal Reimbursement Allowance: **DSS** states the proposed legislation allows the MHD to collect approximately \$1.22 billion in Hospital Tax which will allow MHD to draw in federal funds of approximately \$2.37 billion each year. The FY25 budget submitted by the DSS, and all future budgets that will be submitted, assumes the hospital tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional GR funds of \$1.22 billion would be needed per year to continue the current level of services.

§338.550 - Pharmacy Provider Tax: The proposed legislation allows the MHD to collect \$46.5 million in pharmacy tax which will allow MHD to draw in federal funds of \$90.5 million each year. The FY25 budget submitted by the DSS, and all future budgets that will be submitted, assumes the pharmacy tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional GR funds of \$46.5 million per year would be needed to continue the current level of services.

§633.401 - Intermediate Care Facility for the Intellectually Disabled Provider Tax (ICF/ID): DSS states the proposed legislation allows the MHD to collect approximately \$5.88 million in intermediate care facilities for the intellectually disabled tax which will allow MHD to draw in federal funds of \$4.5 million. The FY25 budget submitted by the Department of Mental Health, and all future budgets that will be submitted, assumes the ICF/ID tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional General Revenue funds of \$5.88 million per year would be needed to continue the current level of services.

**Oversight** notes the ICF/ID provider tax name has been changed from the ICF/Mentally Retarded (MR) provider tax. As of FY 2020, the fund name appears on the State Treasurer's Fund Balance Report as the ICF/ID Reimbursement Allowance Fund.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the provider taxes needed to draw down federal matching funds as provided by DSS for fiscal note purposes.

Officials from the **Department of Mental Health (DMH)** state this legislation extends the sunset on certain healthcare provider reimbursement allowance taxes to September 30, 2029. DMH assumes no fiscal impact with the extension of the healthcare provider reimbursement allowance taxes to September 30, 2029. If provider reimbursement allowances end, DMH would have a fiscal impact of approximately \$5 million GR. DMH defers any additional anticipated fiscal impact to DMH for Comprehensive Psychiatric Rehab (CPR), Comprehensive Substance Treatment and Rehabilitation (CSTAR), Certified Community Behavioral Health Clinics (CCBHO) and Developmental Disabilities (DD) waiver services to DSS.

**Oversight** notes the DSS is the designated state agency that works with the federal government on Medicaid programs. Therefore, Oversight will use the DSS provider tax numbers for the ICF/ID and hospital provider tax programs.

DSS states that failure to pass an extension on the FRA could cost the state approximately \$1.5 billion in FY25.

For fiscal note purposes, **Oversight** is presenting the provider taxes collected under each of the reimbursement allowance tax categories. However, Oversight assumes expenses equal to the amount of provider taxes collected would be spent on services and the net effect would be \$0.

**Oversight notes the provisions of this proposal expire September 30, 2029.**

Responses regarding the proposed legislation as a whole

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services** and the **Office of Administration - Administrative Hearing Commission** assumed the proposal would have no 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.

In response to a previous version, officials from the **Office of Administration, Budget and Planning (B&P)** and the **Department of Public Safety - Missouri Veterans Commission** assumed the proposal would have no 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.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other hospitals, ambulance districts and nursing homes were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 they office can sustain with their core budget. Therefore, they reserve 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (9 Mo.)	FY 2026	FY 2027
<b>AMBULANCE SERVICE REIMBURSEMENT ALLOWANCE FUND</b> (Provider tax) (0958)			
<u>Income</u> - DSS (§190.839) Assessment on ambulance organizations	\$5,985,000	\$7,980,000	\$7,980,000
<b>ESTIMATED NET EFFECT ON THE AMBULANCE SERVICE REIMBURSEMENT ALLOWANCE FUND*</b>	<b><u>\$5,985,000</u></b>	<b><u>\$7,980,000</u></b>	<b><u>\$7,980,000</u></b>
<b>NURSING FACILITY FEDERAL REIMBURSEMENT ALLOWANCE FUND</b> (Provider tax) (0196)			
<u>Income</u> - DSS (§198.439) Assessment on nursing facility organizations	\$126,150,000	\$168,200,000	\$168,200,000
<b>ESTIMATED NET EFFECT ON THE NURSING FACILITY FEDERAL REIMBURSEMENT ALLOWANCE FUND*</b>	<b><u>\$126,150,000</u></b>	<b><u>\$168,200,000</u></b>	<b><u>\$168,200,000</u></b>
<b>FEDERAL REIMBURSEMENT ALLOWANCE FUND</b> (Hospital provider tax) (0142)			
<u>Income</u> - DSS (§208.480) Assessment on hospital organizations	\$915,000,000	\$1,220,000,000	\$1,220,000,000
<b>ESTIMATED NET EFFECT ON THE FEDERAL REIMBURSEMENT ALLOWANCE FUND*</b>	<b><u>\$915,000,000</u></b>	<b><u>\$1,220,000,000</u></b>	<b><u>\$1,220,000,000</u></b>

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2025 (9 Mo.)	FY 2026	FY 2027
<b>PHARMACY REIMBURSEMENT ALLOWANCE FUND</b> (Provider tax) (0144)			
<u>Income - DSS</u> (§338.550) Assessment on pharmacy organizations	\$34,875,000	\$46,500,000	\$46,500,000
<b>ESTIMATED NET EFFECT ON THE PHARMACY REIMBURSEMENT ALLOWANCE FUND*</b>	<b><u>\$34,875,000</u></b>	<b><u>\$46,500,000</u></b>	<b><u>\$46,500,000</u></b>
<b>ICF/ID REIMBURSEMENT ALLOWANCE FUND</b> (Provider tax) (0901)			
<u>Income - DSS</u> (§633.401) Assessment on ICF/ID organizations	\$4,410,000	\$5,880,000	\$5,880,000
<b>ESTIMATED NET EFFECT ON THE ICF/ID REIMBURSEMENT ALLOWANCE FUND*</b>	<b><u>\$4,410,000</u></b>	<b><u>\$5,880,000</u></b>	<b><u>\$5,880,000</u></b>
*Oversight notes the provisions of this proposal expire September 30, 2029.			
<u>FISCAL IMPACT – State Government (continued)</u>	FY 2025 (9 Mo.)	FY 2026	FY 2027



<b>FEDERAL FUNDS</b>			
<u>Income - DSS</u>			
Assessment on ambulance organizations (§190.839)*	\$14,025,000	\$18,700,000	\$18,700,000
Assessment on nursing facility organizations (§198.439)*	\$245,025,000	\$326,700,000	\$326,700,000
Assessment on hospital organizations (§208.480)*	\$1,777,500,000	\$2,370,000,000	\$2,370,000,000
Assessment on pharmacy organizations (§338.550)*	\$67,875,000	\$90,500,000	\$90,500,000
Assessment on ICF/ID organizations (§633.401)*	\$3,375,000	\$4,500,000	\$4,500,000
<b>Total Income – DSS*</b>	<b>\$2,107,800,000</b>	<b>\$2,810,400,000</b>	<b>\$2,810,400,000</b>
<u>Costs - DSS</u>			
Medicaid program expenditures*	(\$2,107,800,000)	(\$2,810,400,000)	(\$2,810,400,000)
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
*Oversight notes the provisions of this proposal expire September 30, 2029.			

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

Small health care businesses could be impacted by this proposal.

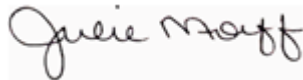
FISCAL DESCRIPTION

This act moves the expiration date for the Ground Ambulance, Nursing Facility, Medicaid Managed Care Organization, Hospital, Pharmacy, and Intermediate Care Facility for the Intellectually Disabled federal reimbursement allowances to September 30, 2029. (§§190.839, 198.439, 208.437, 208.480, 338.550 and 633.401).

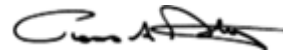
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Commerce and Insurance  
Department of Health and Senior Services  
Department of Mental Health  
Department of Public Safety - Missouri Veterans Commission  
Department of Social Services  
Joint Committee on Administrative Rules  
Office of Administration  
    Administrative Hearing Commission  
    Division of Budget & Planning  
Office of the Secretary of State



Julie Morff  
Director  
May 2, 2024



Ross Strobe  
Assistant Director  
May 2, 2024