

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4008S.01I
Bill No.: SB 1168
Subject: Abortion; Health Care; Medicaid/MO HealthNet; Department of Social Services;
Public Assistance
Type: Original
Date: January 30, 2024

Bill Summary: This proposal modifies provisions relating to public funding of abortion facilities and affiliates and provisions relating to MO HealthNet providers.

FISCAL SUMMARY

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

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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
Total Estimated Net Effect on <u>Other</u> State Funds	\$1,086,420,000	\$1,448,560,000	\$1,448,560,000

* 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.

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

* FRA Income and expenditures of approximately \$2.8 billion annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

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 \$5.9 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 \$5.9 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 eliminates the end date on certain healthcare provider reimbursement allowances. DMH assumes no fiscal impact with the elimination of an end date. Should provider reimbursement allowances end, DMH would have a fiscal impact of approximately \$5 million GR.

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.

Oversight notes, with the exception of certain state-owned facilities, all ambulance districts, nursing facilities, hospitals, pharmacies and ICF/IDs are required to pay provider taxes for the privilege of operating/providing services in the state of Missouri.

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.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services**, the **Office of Administration – Administrative Hearing Commission**, the **Office of the State Courts Administrator** and the **Newton County Health Department** 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 in the fiscal note for these agencies.

In response to similar legislation from the current session (HB 1563), officials from the **Office of Attorney General (AGO)** assumed any additional litigation costs arising from this proposal could be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to similar legislation from the current session (SB 748), officials from the **Office of Administration - Budget and Planning** assumed the proposal would have no fiscal impact on their organization.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local public health agencies, nursing homes, ambulance districts and hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in Oversight's 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 their 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
AMBULANCE SERVICE REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0958)			
<u>Income</u> - DSS (§190.839) Assessment on ambulance organizations	<u>\$5,985,000</u>	<u>\$7,980,000</u>	<u>\$7,980,000</u>
ESTIMATED NET EFFECT ON THE AMBULANCE SERVICE REIMBURSEMENT ALLOWANCE FUND*	<u>\$5,985,000</u>	<u>\$7,980,000</u>	<u>\$7,980,000</u>
NURSING FACILITY FEDERAL REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0196)			
<u>Income</u> - DSS (§198.439) Assessment on nursing facility organizations	<u>\$126,150,000</u>	<u>\$168,200,000</u>	<u>\$168,200,000</u>
ESTIMATED NET EFFECT ON THE NURSING FACILITY FEDERAL REIMBURSEMENT ALLOWANCE FUND*	<u>\$126,150,000</u>	<u>\$168,200,000</u>	<u>\$168,200,000</u>
FEDERAL REIMBURSEMENT ALLOWANCE FUND (Hospital provider tax) (0142)			
<u>Income</u> - DSS (§208.480) Assessment on hospital organizations	<u>\$915,000,000</u>	<u>\$1,220,000,000</u>	<u>\$1,220,000,000</u>
ESTIMATED NET EFFECT ON THE FEDERAL	<u>\$915,000,000</u>	<u>\$1,220,000,000</u>	<u>\$1,220,000,000</u>

REIMBURSEMENT ALLOWANCE FUND*			
FISCAL IMPACT – State Government (continued)	FY 2025 (9 Mo.)	FY 2026	FY 2027
PHARMACY REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0144)			
<u>Income</u> - DSS (§338.550) Assessment on pharmacy organizations	<u>\$34,875,000</u>	<u>\$46,500,000</u>	<u>\$46,500,000</u>
ESTIMATED NET EFFECT ON THE PHARMACY REIMBURSEMENT ALLOWANCE FUND*	<u>\$34,875,000</u>	<u>\$46,500,000</u>	<u>\$46,500,000</u>
ICF/ID REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0901)			
<u>Income</u> - DSS (§633.401) Assessment on ICF/ID organizations	<u>\$4,410,000</u>	<u>\$5,880,000</u>	<u>\$5,880,000</u>
ESTIMATED NET EFFECT ON THE ICF/ID REIMBURSEMENT ALLOWANCE FUND*	<u>\$4,410,000</u>	<u>\$5,880,000</u>	<u>\$5,880,000</u>
* Oversight assumes expenses equal to the amount of provider taxes collected would be spent on services.			

<u>FISCAL IMPACT – State Government (continued)</u>	FY 2025 (9 Mo.)	FY 2026	FY 2027
FEDERAL FUNDS			
<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
Total <u>Income - DSS</u>	<u>\$2,107,800,000</u>	<u>\$2,810,400,000</u>	<u>\$2,810,400,000</u>
<u>Costs - DSS</u>			
Medicaid program expenditures	(\$2,107,800,000)	(\$2,810,400,000)	(\$2,810,400,000)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

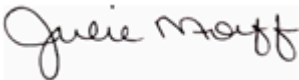
FISCAL DESCRIPTION

This act removes 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. (§§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

Attorney General's Office
Department of Commerce and Insurance
Department of Health and Senior Services
Department of Mental Health
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration
 Budget and Planning
 Administrative Hearing Commission
Office of the Secretary of State
Office of the State Courts Administrator
Newton County Health Department



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January 30, 2024



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