

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3862-14
Bill No.: HS for HCS for SS for SCS for SB's 923, 828, 876, 694 & 736
Subject: Children and Minors
Type: Original
Date: May 16, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(Unknown, over \$298,969)	(Unknown, over \$267,196)	(Unknown, over \$274,380)
Criminal Record System	(\$4,167)	(\$5,000)	(\$5,000)
Total Estimated Net Effect on <u>All State Funds</u>	(Unknown, over \$303,136)	(Unknown, over \$272,196)	(Unknown, over \$279,380)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal	(\$206,931)	(\$131,461)	(\$143,157)
Total Estimated Net Effect on <u>All Federal Funds</u>	(\$206,931)	(\$131,461)	(\$143,157)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state this bill would modify various provisions related to children and families. The Division of Family Services, Department of Labor and Industrial Relations, Department of Public Safety and the Department of Health and Senior Services could promulgate rules pertaining to this proposal. Based on experience with other divisions, the rules, regulations and forms could require as many as 88 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the \$5,412 estimated. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn.

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 request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

SECTION 28.160 - Fees for processing records of children to be adopted

Officials of the **Office of Secretary of State** assume fiscal impact would depend upon the number of documents that a foreign government would require of adopting couples. The fiscal impact could be a positive or a negative Unknown, however, fiscal impact (either positive or negative) in a given year would not exceed \$40,000.

Officials of the **Department of Social Services** assume no fiscal impact.

SECTION 135.327 - Sales of Tax Credits for Adoption Expenses

Officials from the **Department of Revenue (DOR)** and the **Department of Economic Development** state this proposal would have no administrative impact on their agencies.

Oversight assumes this proposal would not change the annual \$2 million cap allowed for in Section 135.327.3 which states "The cumulative amount of tax credits which may be claimed by taxpayers for nonrecurring adoption expenses in any one fiscal year shall not exceed two million dollars." Oversight has no information regarding the number of tax credits that are either assigned, transferred or sold. Therefore, Oversight assumes this proposal would not fiscally impact the revenues of the state.

ASSUMPTION (continued)

SECTION 191.925 - Newborn Hearing Screening

Officials from the **Department of Social Services** assume the proposed legislation will have no fiscal impact to their organization.

Officials from the **Department of Health and Senior Services (DOH)** stated there will not be any additional cost to the DOH. A newborn screening reporting and case management system has already been developed and will be in place to track babies' hearing screening status.

SECTION 210.001 - Camden County and Clay-Platte County Child Assessment Centers

Officials from the **Department of Social Services (DOS)** stated that an additional \$500,000 would be required to bring the proposed Child Assessment Centers (CAC) to the same level as the CAC's currently receiving funding through the DOS. **Oversight** is informed that the operators of the child assessment centers have come to an agreement to change the formula for financing those centers so that the new assessment centers would not require additional state funding.

SECTION 210.145 - Exemption from listing in Child Abuse Central Registry

None of the agencies responding indicated that this part of the proposal would have significant fiscal impact.

SECTION 210.566 - Foster Parents Rights and Responsibilities

Officials of **Department of Social Services' Division of Youth Services** stated that the Division uses services of foster parents for some hard to place youths. The Division provides support services but does not provide formal training. Officials estimate cost of training at \$925 per family for twenty-seven (27) hours of training (Division of Family Services' cost for foster parent training). They note that the Division places twenty (20) or fewer persons in foster care each year. Assuming training would be provided by the Division of Family Services, there would be no costs to the Division.

SECTION 210.906 - Family Care Safety Registry

Officials of **Department of Social Services - Division of Family Services** and the **Department of Health and Senior Services** noted that foster parents automatically registered for the Family Care Safety Registry would no longer pay to register. DOS forwards the five-dollar (\$5.00) fee to the Highway Patrol for background screening.

ASSUMPTION (continued)

SECTION 210.1007 - List of Unsafe Children's Product

Officials from the **Department of Health and Senior Services (DOH)** stated the DOH must

provide child care providers a comprehensive list of children's products that have been identified by the Consumer Product Safety Commission (CPSC) as unsafe by July 1, 2003, and quarterly thereafter. As this information is available on the CPSC website, and existing staff can obtain this information, there will be no additional costs to the DOH for this requirement. The costs for copying and mailing this information to child care providers are as follows:

Copying costs: Based on a review of CPSC recall statements, the average number of recalls affecting children is estimated to be eleven (11) per month. Therefore, it would be necessary to mail an average of 28 pages to each child care provider for each month. The copies can be two-sided. Therefore, there would be an average of 14 pages that must be mailed to each child care provider per month. The cost for two-sided copying is \$.045 per copy for a total of \$0.63 (\$.045 x 14) monthly copying costs for each child care provider. As the information must be provided quarterly, the copying costs for each child care provider quarterly would be \$1.89.

There are 3,777 child care providers. Therefore, the total quarterly copying costs would be \$7,139 ($\$1.89 \times 3,777$). The annual copying costs would be \$28,556 ($4 \times \$7,139$).

Costs for Stuffing Envelopes: It would be necessary to contract with another agency to stuff the envelopes. The rate for stuffing envelopes is \$.05 per envelope. There are 3,777 child care facilities. Therefore, the costs for stuffing the envelopes would be \$189 quarterly ($\$.05 \times 3,777$) and \$756 annually ($4 \times \189).

Mailing Costs: It would be necessary to mail 3,777 envelopes containing the CPSC recall statements to child care providers quarterly. The cost for mailing each envelope (bulk rate) is \$0.4560 per envelope or \$1,722 for each quarterly mailing ($\$0.4560 \times 3,777$). The annual mailing cost would be \$6,889 ($4 \times \$1,722$).

Total costs: The total annual costs to copy the materials, stuff the envelopes, and mail the materials to child care providers would be \$36,201 ($\$28,556 + \$756 + \$6,889 = \$36,201$).

Child care staff must document each facility's compliance with past signed and dated notification forms during regular inspections, and instruct child care providers to dispose of all unsafe children's products. As this can be accomplished during regular inspections, there are no additional costs to the DOH for this purpose.

Finally, this legislation would require one (1.00) clerk typist II to obtain information from the CPSC website; determine which recall statements pose a threat to children and eliminate those
ASSUMPTION (continued)

that don't; prepare copies and submit to child care staff and supervisors who will monitor them for compliance; manage the contract for stuffing the envelopes; assemble the materials for submission to the contractor who will stuff the envelopes; obtain the packet from the contractor and prepare for mailing; handle complaints and problems that arise from providing and mailing

the information to child care providers; track the recall statements that have been submitted to child care providers in order to monitor them appropriately; and work closely with supervisors and staff to ensure efficient monitoring of the recall statements.

Oversight assumes the DOH could absorb the additional work with existing staff resources. However, if the number of quarterly mailings were to increase significantly, the DOH may need to request additional staff through the appropriations process.

SECTION 211.031 - Juvenile Court Jurisdiction

Officials of the **State Courts Administrator** indicated that they would not expect the proposal to significantly affect state courts.

SECTION 211.181 - Treatment Services in Least Restrictive Setting

Officials of the **Department of Social Services'** divisions of **Family Services (DFS)** and **Medical Services (DMS)** stated that they would be affected by this part of the proposal. DFS officials cannot estimate the number of children who might be affected by this proposal (children whose parents would place them in DFS custody because they could neither care for mentally ill children nor afford the cost of treatment) but anticipate costs of more than \$100,000 per year.

DMS officials note that some of the children would be Medicaid recipients and, to the extent that the Department of Mental Health lacks funds to provide treatments, DMS would be responsible for funding necessary care. DMS officials expect costs to Medicaid would be over \$100,000 per year to general revenue.

SECTIONS 294.011 TO 294.141 - Child Labor

Officials from the **Office of the State Courts Administrator** assume after a period of adjustment, they would expect substantial compliance, and would not anticipate a significant impact on the budget of the judiciary.

Officials from the **Department of Agriculture** assume the proposed legislation would have no fiscal impact on their agency.

Officials from the **Department of Labor and Industrial Relations** stated that the provisions of ASSUMPTION (continued)

this proposal would not have fiscal impact on their agency.

SECTION 452.402 - Grandparent Visitation

Officials from the **Department of Social Services** and **Office of State Courts Administrator**

stated the proposed legislation would have no fiscal impact on their organizations.

SECTIONS 454.606 TO 454.700 - National Medical Support Notice

Officials from the **Department of Social Services - Division of Medical Services (DOS - DMS)** stated that the proposal would aid DMS in collecting recoveries from insurance companies which provide benefits to Medicaid eligibles (third-party liability - TPL - recoveries).

Children are an automatic bypass for TPL recoveries. DMS pays Medicaid providers for medical services for Medicaid eligible children and then attempts to recover payments from health benefits plans when DMS discovers that the eligible has commercial health insurance coverage. This process is called "pay and chase".

The **Division of Child Support Enforcement (DCSE)** estimates that 4,488 children per year have health insurance coverage as part of their child support. DMS's experience has been that 33% of these cases are covered by commercial health insurance. The average annual TPL collection from child support health insurance recoveries is \$357.95. DMS officials estimate potential additional recoveries as:

$$4,488 \times 33\% = 1,481 \text{ cases} \times \$357.95 \text{ per case} = \$530,124$$

DCSE officials stated that DCSE personnel would have to send a National Medical Support Notice (NMSN) with each income withholding notice to an employer or union within two business days after a new hire is entered into the State Directory of New Hires when: 1) the non-custodial parent (NCP) has been ordered to provide medical insurance but is not doing so, or 2) an income withholding notice is deemed inappropriate but it is appropriate to send an NMSN.

Officials stated that the Division issued 98,087 income withholding notices and that 66% of NCPs has been ordered to provide medical insurance. The Division would, therefore, mail 64,737 NMSNs annually. The Division already sends withholding notices via certified mail. Each NMSN would add 2 ounces to the mailings.

Additional postage would be $64,737 \times \$0.46 = \$29,779$.

DCSE officials anticipate the proposal would increase inquiries from custodial parents, non-ASSUMPTION (continued)

custodial parents, employers and unions, increase hearings and require additional time to enter insurance data into the Missouri Automated Child Support System (MACSS).

Officials anticipate that 72% of NCPs would be offered health insurance coverage through their employers, therefore 46,611 NMSNs ($64,737 \times .72$) could affect Child Support Enforcement (CSE) Technicians. Officials also note that the Division also sends out about 21,183 (actual in

FY 2001) Orders to Enroll dependents in health benefit plans.

46,611 - 21,183 = 25,428 additional notices.

Each notice take about one-half hour to complete.

25,428 x .5 hours = 12,714 hours / 2080 hours per year = 6 FTE.

CSE Technicians would have additional duties of contacting custodial parents, reviewing health benefit options and choosing a health care plan in some cases. This process takes an average of 1.5 hours per case. DCSE officials estimate (using Kaiser Foundation research) that of the 46,611 NMSNs where the NCP would be offered health insurance by the employer, 17% are not enrolled in employer-offered plans and 65% are offered more than one insurance plan option.

46,611 NMSNs x .17 = 7,924 notices x .65 = 5,151 notices requiring review

5,151 x 1.5 hours = 7,727 hours / 2080 hours per year = 4 FTE.

DCSE workload measures are one supervisor per five CSEs and one clerical support person per three professional staff, thus officials would request 10 Child Support Enforcement Technicians, two Child Support Enforcement Supervisors, two Clerk Typists II and a Clerk Typist III to carry out duties related to this proposal.

DCSE officials estimate that changes to the MACSS would require 250 hours through a third party contractor. The contractor cost would be \$105 per hour. Total cost would be \$26,250.

DCSE officials also estimated an impact on DMS Medicaid programs. Officials determined that (based on FY 2001 activity) DCSE would issue 43,554 additional medical notices annually due to this proposal.

(98,087 NMSNs x .66 cases where NCP has been ordered to provide health insurance - (minus) 21,183 medical notices already sent out each year = 43,554 additional notices)

DCSE officials determined that 47% of IV-D cases are on Medicaid, therefore 20,470 medical ASSUMPTION (continued)

notices will go to IV-D Medicaid cases. DCSE surveys show that the employer or union enrolls the child in their health insurance plan 21% of the time, after receiving a medical notice. DCSE officials assume that the implementation of NMSN would make the assurance of insurance available to the NCP (non-custodial parent) unknown. Therefore, for fiscal note purposes, DCSE officials assume that IV-D children would be enrolled in employer or union health care plans 15% of the time, after receiving medical notices. The number of IV-D Medicaid cases where children would be enrolled in the NCP's health plan is estimated at 3,070 (20,470 x .15)

annually.

Officials estimate that with NMSN (National Medical Support Notice) requirements, they would send notices to TPL (third party liability) in 86% of IV-D Medicaid cases. There are an average of 1.7 children per IV-D case; therefore 4,488 IV-D children would be covered for at least one month annually due to NMSN requirements.

(3,070 x .86 = 2,640 x 1.7 children per case = 4,488 children.)

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Cost</u> - Department of Social Services' Division of Family Services			
Expense- Mental Health Treatment	(Unknown, expected to exceed \$100,000)	(Unknown, expected to exceed \$100,000)	(Unknown, expected to exceed \$100,000)
<u>Cost</u> - Department of Social Services' Division of Medical Services			
Expense- Medicaid costs for Mental Health Treatment of children	(Unknown, expected to exceed \$100,000)	(Unknown, expected to exceed \$100,000)	(Unknown, expected to exceed \$100,000)
<u>Income</u> - Department of Social Services - Division of Medical Services			
Increased Insurance Recoveries	\$205,529	\$205,529	\$205,529
<u>Cost</u> - Department of Social Services - Division of Child Support Enforcement			
Personal Service (5.1 FTE)	(\$146,746)	(\$150,415)	(\$154,715)
Fringe Benefits	(\$52,843)	(\$54,164)	(\$55,519)
Expense and Equipment	<u>(\$74,741)</u>	<u>(\$30,858)</u>	<u>(\$31,269)</u>
Administrative Costs to DOS	(\$274,330)	(\$235,437)	(\$241,503)
<u>Costs - Department of Health and Senior Services</u>			
Printing and Mailing Costs	(\$30,168)	(\$37,288)	(\$38,406)

Secretary of State

GVB:LR:OD (12/00)

Adoption fees*	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
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* Loss of Income or Income from the adoption fee is not expected to exceed \$40,000 in a given year.

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Over \$298,969)</u>	<u>(Over \$267,196)</u>	<u>(Over \$274,380)</u>
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**CRIMINAL RECORD SYSTEM
FUND**

Loss - Fees from Family Safety Care Registry	(\$4,167)	(\$5,000)	(\$5,000)
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ESTIMATED NET EFFECT ON CRIMINAL RECORD SYSTEM FUND	<u>(\$4,167)</u>	<u>(\$5,000)</u>	<u>(\$5,000)</u>
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FEDERAL FUNDS

Income - Department of Social Services'
 Division of Medical Services
 Federal Medicaid Matching Funds

Unknown, expected to exceed \$100,000	Unknown, expected to exceed \$100,000	Unknown, expected to exceed \$100,000
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Cost - Department of Social Services'
 Division of Medical Services
 Expense- Medicaid costs for Mental
 Health Treatment of children

(Unknown, expected to exceed \$100,000)	(Unknown, expected to exceed \$100,000)	(Unknown, expected to exceed \$100,000)
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Income - Department of Social Services -
 Division of Medical Services
 Increased Insurance Recoveries

\$324,595	\$324,595	\$324,595
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Cost - Department of Social Services -
 Division of Child Support Enforcement

Personal Service (9.9 FTE)	(\$284,861)	(\$291,982)	(\$299,282)
Fringe Benefits	(\$102,578)	(\$105,143)	(\$107,771)
Expense and Equipment	<u>(\$144,087)</u>	<u>(\$58,931)</u>	<u>(\$60,699)</u>
Administrative Costs to DOS	(\$531,526)	(\$456,056)	(\$467,752)

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>(\$206,931)</u>	<u>(\$131,461)</u>	<u>(\$143,157)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small business could be affected by this proposal.

DESCRIPTION

This proposal would require the Department of Social Services' Division of Child Support Enforcement to use federal guidelines when notifying employers of their obligation to enroll an obligor's (usually a non-custodial parent's) child in their health benefits plan.

This proposal would set out the rights and responsibilities of the state, its contractors and foster parents with regard to foster care services.

This proposal would provide that, effective January 1, 2002, any facility which transfers a newborn to a different facility for further acute care prior to the completion of the newborn hearing screening is required to notify the receiving facility of the current status of the hearing screening. If the hearing screening is incomplete, the receiving facility is responsible for completing the hearing screening for newborns.

Currently, hospitals or ambulatory surgical centers are required to perform the hearing screening for newborns delivered in their facilities prior to discharge.

This proposal would automatically register any person licensed under terms of sections 210.481 DESCRIPTION (continued)

to 210.565 (Homes for Children - Foster Homes - Child Placing Agencies - Licensing) in the Family Care Safety Registry.

This proposal would require the Department of Health and Senior Services (DOH) to provide child care facilities with a comprehensive list of unsafe children's products, as identified by the Children's Product Safety Commission. DOH would provide initial notification on or before July 1, 2003, and quarterly thereafter. Child care facilities would, upon notification, their premises and immediately dispose of any unsafe products. DOH inspections would check for unsafe products during inspections of facilities. If a facility failed to dispose of a product after notice is

given, it would be a violation under the inspection. The Department may promulgate rules for the implementation of this section.

This proposal would modify certain provisions of the child labor laws.

This proposal would modify visitation provisions related to grandparents. However, if the natural parents of the child are legally married and living together with the child, a grandparent may not file for visitation because it is presumed that the parents know what is in the best interest of the child.

The proposal would specify that sale of adoption tax credits to any entity (current law says to for profit entities) be at a discount rate of seventy-five percent or greater of the amount sold.

This proposal would limit the amount of fee the Secretary of State could collect for processing apostilles, certifications, and authentications prior to the placement of a child for adoption to \$100 per child, per adoption, or per multiple children to be adopted at the same time.

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

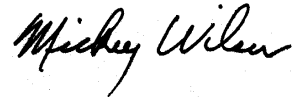
SOURCES OF INFORMATION

Department of Agriculture
Department of Economic Development
Department of Health and Senior Services
Department of Labor and Industrial Relations
Department of Mental Health
Department of Revenue

SOURCES OF INFORMATION (continued)

Department of Social Services
 Division of Family Services
 Division of Medical Services
 Division of Youth Services
State Courts Administrator
Secretary of State

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Acting Director
May 16, 2002