

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4500-02  
Bill No.: Truly Agreed to and Finally Passed HCS for SB 1094  
Subject: Appropriations; Health Care; Nursing and Boarding Homes  
Type: Original  
Date: May 22, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Nursing Facility Reimbursement Allowance Fund*	\$0	\$0	\$0
Nursing Facility Quality of Care Fund**	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Revenues and expenditures of approximately \$121,000,000 annually net to \$0.

\*\*Revenues and expenditures of approximately \$9,500,000 annually net to \$0.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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>

\*Revenues and expenditures of approximately \$192,000,000 annually net to \$0.

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Health and Senior Services** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state that the proposed legislation would extend the sunset of the Nursing Facility Federal Reimbursement Allowance program to September 30, 2005. DMS states it is set to expire on September 30, 2002. DMS states if the extension of the Nursing Facility Federal Reimbursement Allowance does not pass, additional funding would be needed to maintain the current level of services.

Officials from the **Department of Mental Health (DMH)** state that all nursing facilities, except state-owned and operated facilities, are required to pay an additional fee for the privilege to provide nursing facility services in the state of Missouri. Therefore, the fiscal impact to the DMH would be zero.

Officials of the **Department of Insurance** stated that there is one PACE HMO in Missouri. It serves less than 150 persons and is not in the commercial market. They do not anticipate any fiscal impact on their Department.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**NURSING FACILITY  
 REIMBURSEMENT ALLOWANCE  
 FUND**

<u>Income - Department of Social Services</u>			
Assessment on Nursing Facilities	\$91,151,207	\$121,534,943	\$121,534,943
<u>Costs - Department of Social Services</u>			
Medicaid Program Costs	<u>(\$91,151,207)</u>	<u>(\$121,534,943)</u>	<u>(\$121,534,943)</u>

**ESTIMATED NET EFFECT ON  
 NURSING FACILITY  
 REIMBURSEMENT ALLOWANCE  
 FUND**

	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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No direct fiscal impact to small businesses would be expected as a result of this proposal.

### DESCRIPTION

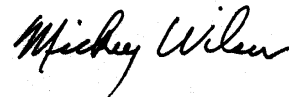
This proposal extends the sunset for the nursing facility reimbursement allowance to September 30, 2005. Current law sunsets the reimbursement allowance on September 30, 2002.

This proposal would also allow certain health maintenance organizations acting as programs for all-inclusive care for the elderly (PACE) projects to be exempt from the certificate of authority requirement. This exemption would apply only to business conducted under terms of the approved PACE contract.

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  
Department of Mental Health  
Department of Insurance



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Acting Director  
May 22, 2002