

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0823-01
Bill No.: SB 144
Subject: Health Care; Health Department; Health, Public; Medical Procedures and Personnel
Type: Original
Date: February 6, 2009

Bill Summary: This legislation establishes a prostate cancer pilot program to provide screening, referral services, treatment and outreach.

This legislation will expire three years from the effective date.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|----------------------|----------------------|----------------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| General Revenue | (\$7,929,976) | (\$9,607,248) | (\$9,743,266) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$7,929,976) | (\$9,607,248) | (\$9,743,266) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|--------------|--------------|--------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| General Revenue | 5 FTE | 5 FTE | 5 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 5 FTE | 5 FTE | 5 FTE |

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2010 | FY 2011 | FY 2012 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Section 191.950:

Officials from the **Missouri Senate, Office of the Missouri State Governor** and the **Missouri House of Representatives** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Social Services** assume since the program is designed for uninsured men, there is no fiscal impact to the MO HealthNet Division. Presumably, if a man is covered by MO HealthNet, the clinic will continue to seek reimbursement from MO HealthNet and reserve these new funds for men who have no coverage.

Officials from the **Department of Health and Senior Services (DHSS)** estimates that the following FTE will be required to oversee and monitor the Prostate Cancer Pilot Program:

One Program Coordinator (\$47,184, range A30, step H) will be required to coordinate the program including development and implementation of a work plan, recruit health care providers, establish contracts, monitor expenditures, and prepare reports.

One Senior Office Support Assistant (\$24,576, range A12, step F) will be required to provide clerical support to the Program Coordinator, prepare correspondence to health care providers, arrange travel for the Program Coordinator, type provider participation agreements, and maintain provider databases.

One Research Analyst III (\$38,700, range A25, step G) will be required to provide data management and analysis of the quality, efficiency, and effectiveness of the program.

The Department assumes that most men over the age of 65 will qualify for Medicare and will not be eligible for the pilot program. Therefore, the estimates for the number of men eligible begin at age 35, in order to account for the high-risk men, and end at age 64.

According to the 2007 Current Population Survey conducted by the U.S. Census Bureau, there are 610,586 men in Missouri ages 35-49, and 527,315 ages 50-64. The 2007 Missouri Behavioral Risk Factor Surveillance (BRFSS) reports that 17.5 percent of Missouri men ages 35-49 and 7.90 percent of men ages 50-64 report that they are uninsured. Applying these percentages to the 2007 population estimates yields an estimated 148,509 (13.1 percent) men will be eligible to participate in the Prostate Cancer Pilot Program.

ASSUMPTION (continued)

The Department does not have information available as to what percentage of eligible men age 35-54 are considered high-risk for prostate cancer; therefore the calculations include all eligible men for that age group.

The Department estimates that 45 percent of eligible men ages 35-64 will receive screening through the pilot program, resulting in 66,829 (148,509 eligible men x 45 percent) men screened annually.

The estimated annual cost for screening (based on Missouri Medicare Reimbursement Rates for 2009) is \$116.28 per individual for the initial office visit and a Prostate Specific Antigen Test. The total cost to screen 66,829 men would be \$7,770,876 (66,829 x \$116.28).

According to the most recent data from the Missouri Cancer Registry, 1,373 Missouri men age 35-64 were diagnosed with prostate cancer. The Department estimates that 80 cases of those screened on the program will be diagnosed with prostate cancer.

The estimated total annual cost for diagnostic tests (based on Missouri Medicare Reimbursement Rates for 2009) per individual diagnosed with cancer is \$1,504.16 (\$173.59 for an ultrasound; \$226.93 for a biopsy; and \$1,103.64 for a whole body tumor imaging).

The total testing cost for 80 annual cases of prostate cancer would be \$120,333 (\$1,504.16 x 80).

According to various studies comparing the prostate cancer treatments, the annual cost to treat prostate cancer is \$7,740. The cost to treat 80 annual cases of prostate cancer would be \$619,200.

The total healthcare provider contracts would be \$8,510,409, consisting of the screening costs for 66,829 men, the testing for 80 men, and the treatment for 80 men. (\$7,770,876 + \$120,333 + \$619,200).

Section 191.950.4 states, "The program shall provide:

- (4) Outreach and education activities to ensure awareness and utilization of program services by uninsured men and economically challenged men."

The Department assumes that the outreach and education components of the pilot program will be outsourced. The following costs would apply:

ASSUMPTION (continued)

- \$80,000 for 1,200 public transportation interior ads annually;
- \$25,000 to purchase airtime on radio stations to advertise the program in areas where the largest number of uninsured men are located;
- \$131,354 for four (4) Outreach Coordinators to conduct 1,800 to 2,000 phone, face-to-face, and mail contacts to men:
 - Four (4) Outreach Coordinators x \$11/hr x 32 hrs/wk x 52 wk/year = \$73,216;
 - \$73,216 x 45.26 percent fringe rate = \$33,138;
 - Four (4) Outreach Coordinators x \$5,000 in-state travel = \$20,000; and
 - Postage and supplies = \$5,000.
- \$26,732 for educational materials to give to clients:
 - \$13,366 for health education brochures - 148,509 x \$0.09 each; and
 - \$13,366 for program fact sheets - 148,509 x \$0.09 each.

The estimated number of health education brochures and program fact sheets are based on the number of men eligible for the program. The Department assumes that each man eligible will receive one health education brochure and one program fact sheet.
- \$8,275 for printing of materials for the providers:
 - \$7,425 for patient history forms - 148,509 men eligible x \$0.05 each;
 - \$250 for activity and diagnosis forms - 5,000 x \$0.05 each; and
 - \$600 for provider manuals - 100 providers x \$6.00 each.

ITSD: The proposed legislation states, "On or before September 1, 2010, the Department shall report to the Governor and General Assembly:

- (1) The number of individuals screened and treated under the program, including racial and ethnic data on the individuals who were screened and treated;"

The Department assumes that a new data system will need to be developed for this activity and the application will reside on servers at DHSS. ITSD support will be needed to develop a data collection system to record the number of individuals screened and treated under the program, including racial and ethnic data on the individuals who were screened and treated.

The following ITSD costs will apply:

- One Computer Information Technology Specialist II (\$47,679 in FY10, \$58,931 in FY11 and \$60,699 in FY12);
- One Computer Information Technology Specialist I (\$40,500 in FY10, \$50,058 in FY11 and \$51,599 in FY12);

ASSUMPTION (continued)

- Two IT Consultants will be required to provide high-level database and programming skills to the application (\$287,040 in FY10 and \$143,520 in FY11);
- Hardware Purchasing and Leasing (\$29,014 in FY10, FY11 and FY12).

| <u>FISCAL IMPACT - State Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

Costs - Department of Health and Senior Services

| | | | |
|---------------------------|----------------------|----------------------|----------------------|
| Personal Service | (\$182,990) | (\$226,175) | (\$232,961) |
| Fringe Benefits | (\$88,988) | (\$109,989) | (\$113,289) |
| Equipment and Expense | <u>(\$7,657,998)</u> | <u>(\$9,271,084)</u> | <u>(\$9,397,016)</u> |
| <u>Total Costs - DHSS</u> | <u>(\$7,929,976)</u> | <u>(\$9,607,248)</u> | <u>(\$9,743,266)</u> |
| FTE Change - DHSS | 5 FTE | 5 FTE | 5 FTE |

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

| | | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| | <u>(\$7,929,976)</u> | <u>(\$9,607,248)</u> | <u>(\$9,743,266)</u> |
|--|-----------------------------|-----------------------------|-----------------------------|

| | | | |
|---|-------|-------|-------|
| Estimated Net FTE Change for General Revenue Fund | 5 FTE | 5 FTE | 5 FTE |
|---|-------|-------|-------|

| <u>FISCAL IMPACT - Local Government</u> | FY 2010 (10 Mo.) | FY 2011 | FY 2012 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

| | | | |
|--|-------------------|-------------------|-------------------|
| | <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

Section 191.950:

The proposed legislation establishes the Prostate Cancer Pilot Program within the Department of Health and Senior Services. Subject to appropriations, the program shall fund prostate cancer screening and treatment services to certain uninsured men in the state. The Department shall distribute grants to local health departments and federally qualified health centers. The program is open to uninsured or economically challenged men who are older than 50 years of age and uninsured or economically challenged men between 35 and 50 years of age who are at high risk for prostate cancer. This legislation also requires the program to provide cancer screening, referral services, treatment, and outreach and education activities.

The Department is required to report to the Governor and the General Assembly by September 1, 2011, regarding the number of individuals screened and treated by the program and any cost savings as a result of early treatment of prostate cancer.

This legislation will expire three years from the effective date.

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
Office of the Missouri State Governor
Missouri House of Representatives
Missouri Senate



Mickey Wilson, CPA
Director
February 6, 2009