

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3412-01
Bill No.: SB 606
Subject: Medicaid; Public Health
Type: Original
Date: February 15, 2010

Bill Summary: This legislation adds comprehensive day services as a covered service under MO HealthNet.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|--------------------|--------------------|--------------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| General Revenue | (\$170,309) | (\$211,933) | (\$219,774) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (\$170,309) | (\$211,933) | (\$219,774) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| Federal* | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

* Income and costs of approximately \$293,622 in FY11, \$365,383 in FY12 and \$378,903 in FY13 would net to \$0.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2011 | FY 2012 | FY 2013 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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 2011 | FY 2012 | FY 2013 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Section 208.152:

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

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.

Officials from the **Department of Mental Health (DMH)** assume individuals with head injuries are not in the target population of those served by the DMH. Comprehensive day rehabilitation services are provided through the Department of Health and Senior Services. Therefore, the DMH assumes the fiscal impact of this proposal would be minimal.

Officials from the **Department of Social Services (DSS)** states the legislation expands the Comprehensive Day Rehabilitation program to all adult participants. The services must be based on an individualized, goal-oriented, comprehensive and coordinated treatment plan. The MO HealthNet Division (MHD) shall establish the definition and criteria for designation of a comprehensive day rehabilitation service facility, the benefit limitations and the payment mechanism utilizing the expertise of brain injury rehabilitation service providers and the Missouri Head Injury Advisory Council. The services must be provided in a community based

ASSUMPTION (continued)

facility and be authorized on tier levels based on the services the patient requires and the frequency of the services as guided by a qualified rehabilitation professional associated with a health care home.

In SFY09 there were two individuals under the age of 21 with claims filed under this program. Therefore, to project costs if this program were expanded, the number of participants using the program in SFY05 (when the program was available to all adults) and their costs were obtained. There were 89 adults in a category of assistance other than a category that is currently eligible for the program (under age 21, blind individuals, pregnant women or nursing home residents) who received services through the Comprehensive Day Rehabilitation program. The fee for service cost for their services in SFY05 was \$526,728. It is assumed that about the same number of individuals would use the program if it were expanded. Therefore, the SFY05 cost is used as the base for estimating future costs. The rates for this program have not changes since 2005 so no inflation was applied to the costs from FY05 to FY10. A 3.7% inflation factor was applied to FY11 through FY13.

The cost to the fee-for-service program will be \$566,427 in the first full year of the program.

In addition, the MHD contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The MHD assumes this legislation will apply to the managed care health plans. The total annual amount deducted from payments to the managed care health plans in FY06 (first year reductions were implemented) due to the reduction of eligibility for this service was \$10,125. Therefore, this figure was used as a base to estimate the cost to add this service back into the services offered to all adults. No inflation was added from FY05 to FY10. A 3.7% inflation factor was added to FY11 through FY13. The cost to the managed care program will be \$10,889 in the first full year of the program.

The total cost to MHD in the first full year will be \$577,316 (\$566,427 + \$10,889).

| | <u>Fee for Service</u> | <u>Managed Care</u> | <u>Total</u> |
|-------|------------------------|---------------------|--------------|
| FY 10 | \$526,728 | \$10,125 | \$536,853 |
| FY 11 | \$546,217 | \$10,500 | \$556,717 |
| FY 12 | \$566,427 | \$10,889 | \$577,316 |
| FY 13 | \$587,385 | \$11,292 | \$598,677 |

FY11 (10 months): Total \$463,931 (GR \$170,309);
FY12 (12 months): Total \$577,316 (GR \$211,933); and
FY13 (12 months): Total \$598,677 (GR \$219,774).

SEC:LR:OD (12/02)

ASSUMPTION (continued)

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2011 (10 Mo.) | FY 2012 | FY 2013 |
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

| | | | |
|--|--------------------|--------------------|--------------------|
| <u>Costs - Department Social Services</u> Program Costs | <u>(\$170,309)</u> | <u>(\$211,933)</u> | <u>(\$219,774)</u> |
|--|--------------------|--------------------|--------------------|

| | | | |
|---|---------------------------|---------------------------|---------------------------|
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(\$170,309)</u> | <u>(\$211,933)</u> | <u>(\$219,774)</u> |
|---|---------------------------|---------------------------|---------------------------|

FEDERAL FUNDS

| | | | |
|---|-----------|-----------|-----------|
| <u>Income - Department of Social Services</u> Federal Assistance | \$293,622 | \$365,383 | \$378,903 |
|---|-----------|-----------|-----------|

| | | | |
|---|--------------------|--------------------|--------------------|
| <u>Costs - Department of Social Services</u> Program Costs | <u>(\$293,622)</u> | <u>(\$365,383)</u> | <u>(\$378,903)</u> |
|---|--------------------|--------------------|--------------------|

| | | | |
|--|-------------------|-------------------|-------------------|
| ESTIMATED NET EFFECT ON FEDERAL FUNDS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|--|-------------------|-------------------|-------------------|

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2011 (10 Mo.) | FY 2012 | FY 2013 |
|---|---------------------|---------|---------|

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

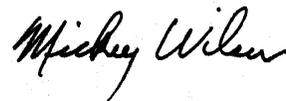
Section 208.152:

The proposed legislation adds as a covered service under the MO HealthNet program comprehensive day rehabilitation services.

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 Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State



Mickey Wilson, CPA
Director
February 15, 2010