

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1077-01
Bill No.: HB 298
Subject: Abortion; Health Care; Physicians
Type: Original
Date: February 26, 2013

Bill Summary: This proposal requires an obstetric ultrasound to be conducted and reviewed with the pregnant woman prior to the 24-hour waiting period for an abortion.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Up to \$1,449,424)	(Up to \$3,450,903)	(Up to \$3,450,903)
Total Estimated Net Effect on General Revenue Fund	(Up to \$1,449,424)	(Up to \$3,450,903)	(Up to \$3,450,903)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state this proposal requires a physician to conduct and review with the woman an active ultrasound and allow the woman to hear the heartbeat, if it is audible, of the unborn child at least 24 hours prior to an abortion.

MO HealthNet assumes that, although abortions are only covered by MO HealthNet in certain cases, a 1st trimester ultrasound would meet MO HealthNet criteria and be covered, even if the subsequent abortion is not covered.

According to the US Census Bureau, there were 6,881 legal abortions in the state of Missouri in 2009, down from 7,413 in 2008.

Also, according to the US Census Bureau, there were 3,064,582 women in Missouri in 2011. According to MO HealthNet statistics, in FY 11 there were 564,616 women on MO HealthNet. MO HealthNet assumes the percentage of abortions by MO HealthNet women would be 18.4%, which is also the percentage of MO HealthNet women to total women. Therefore, it is assumed that 1,266 legal abortions would be obtained by MO HealthNet participants (6,881 abortions X 18.4% abortions obtained by women on MO HealthNet = 1,266).

The cost of a first trimester ultrasound is \$50.68. Therefore, the cost would be \$64,161 per year (1,266 x \$50.68). It is assumed that in FY14, 10 months would be realized, or \$53,446 (83.3% of a full year). In FY15 and FY16, it is assumed that there would be no increase in cost or utilization, as abortions went down between 2008 and 2009, and there has been no recent caseload growth in MO HealthNet.

Oversight notes abortion statistics from the Department of Health and Senior Services (DHSS), Bureau of Vital Statistics indicate there were 9,796 legal abortions in 2010 (latest data available). Oversight also obtained abortion statistics for years 2006 - 2009 and determined the five-year average number of abortions in Missouri to be 7,794 (2006 through 2010). Assuming 18.4% of those abortions were performed on women in the MO HealthNet program, 1,434 abortions could have been performed on this group of women annually. Using DSS-MHD's first trimester ultrasound costs of \$50.68, the potential costs of this proposal could be \$72,675 (1,434 pregnancies X \$50.68), assuming no increase in cost, utilization, or MO HealthNet caseload growth. Therefore, for fiscal note purposes, FY 14 costs (10 months) are assumed to be \$60,563 (\$23,096 General Revenue (GR); \$37,467 Federal funds) and FY 15 and FY 16 annual costs of \$72,675 are estimated to be \$27,715 GR/\$44,960 Federal.

ASSUMPTION (continued)

Officials from the **Office of Administration (OA) - Commissioner's Office** state the Alternatives-to-Abortion (A2A) is a program assigned to the OA. This program provides services to qualified pregnant women who choose to carry their unborn child to term. Since clients participating in the A2A Program must be at or below 200% of the federal poverty level, it is assumed that the cost of the ultrasound would most likely be covered by Medicaid. If a pregnant woman, after seeing the ultrasound and hearing the unborn child's heartbeat, decides to carry her unborn child to term rather than terminating the pregnancy, the woman would then possibly enroll in the A2A Program, thereby increasing the number of women applying to receive services.

Based on 2010 Department of Health and Senior Services (DHSS) statistics, there were 9,796 legal abortions in Missouri in 2010. The average monthly cost for a client enrolled in the A2A program was \$93.93 in FY 12 and \$105.00 in FY 11. Since a client can be enrolled in the A2A program for a total of two years (the year of pregnancy and for the baby's first year), the average cost for a client to be enrolled in the A2A Program over a two year period is \$2,387.16 ($\$93.93 + \$105.00 = \$198.93/2 \text{ years} = \$99.465 \text{ per month average} \times 24 \text{ months}$).

It is unknown the additional number of pregnant women who may qualify and choose to enroll in the A2A Program as a result of this legislative proposal; thus, the cost of the additional services needed under the A2A program is unknown.

Oversight assumes, based on the 5-year average of 7,794 abortions per year in Missouri (see Oversight's assumption above), that there are potentially 1,434 abortions performed annually on women in MO HealthNet that would be eligible for the services offered by the A2A Program. Assuming each of those women would have had an abortion prior to reviewing the ultrasound and hearing the heartbeat and, further assuming each of those women then decide to carry their baby to term and enroll in the A2A program, it is possible this proposal could result in an additional cost to the General Revenue Fund (GR) of \$1,711,594 annually (1,434 pregnant women opting not to have an abortion \times \$99.465 average cost/month for A2A program \times 12 months). However, it should be noted that women can be in the program for two years, so costs for FY 15 and FY 16 could potentially be double. For fiscal note purposes, Oversight is stating FY 14 GR costs "Up to \$1,426,328" (10 months); FY 15 and FY 16 GR costs will each be "Up to \$3,423,188".

Officials from the **Office of Attorney General** assume any potential costs resulting from implementation of this proposal could be absorbed with existing resources. However, because this proposal has the potential to be the subject of state and federal litigation, the AGO assumes that costs of the proposal are unknown.

ASSUMPTION (continued)

Oversight assumes, because the potential for litigation is speculative, that the AGO will not incur significant costs related to this proposal. If a fiscal impact were to result, the AGO may request additional funding through the appropriations process.

Officials from the **Office of 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 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 within its 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.

Officials from the **Office of Prosecution Services (OPS)** assume the proposal will have no measurable fiscal impact on the OPS.

Officials from the **Department of Insurance, Financial Institutions, and Professional Registration**, the **Department of Corrections**, the **Department of Health and Senior Services**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation** and the **Office of State Public Defender** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Missouri Department of Transportation** did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - DSS-MHD</u>			
Increase in ultrasound expenditures	(\$23,096)	(\$27,715)	(\$27,715)
<u>Costs - OA</u>			
Increase in Alternatives-to-Abortion expenditures	<u>(Up to \$1,426,328)</u>	<u>(Up to \$3,423,188)</u>	<u>(Up to \$3,423,188)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Up to \$1,449,424)</u>	<u>(Up to \$3,450,903)</u>	<u>(Up to \$3,450,903)</u>
FEDERAL FUNDS			
<u>Income - DSS-MHD</u>			
Increase in program income	\$37,467	\$44,960	\$44,960
<u>Costs - DSS-MHD</u>			
Increase in program expenditures	<u>(\$37,467)</u>	<u>(\$44,960)</u>	<u>(\$44,960)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may result in an increase in revenues and expenditures of small business health care providers that provide ultrasound screening services if they participate in the MO HealthNet

FISCAL DESCRIPTION

Currently, a physician must provide a woman with the opportunity to view an active ultrasound and hear the heartbeat, if it is audible, of the unborn child at least 24 hours prior to an abortion. This proposal requires a physician to conduct and review with the woman an active ultrasound and allow the woman to hear the heartbeat, if it is audible, of the unborn child at least 24 hours prior to an abortion. If an ultrasound can not be conducted at the abortion facility, the woman seeking an abortion must submit verification from the facility that conducted the ultrasound, specifying the time and date the ultrasound was conducted, that it was reviewed with the woman, and she was allowed to view the ultrasound images and hear the heartbeat of the unborn child if the heartbeat is audible. No abortion can be performed or induced until the woman obtaining the abortion certifies in writing that an active ultrasound has been conducted and reviewed with her, allowing her to view an image of the unborn child and hear the heartbeat if the heartbeat is audible.

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

Office of Administration -
 Commissioner's Office
Office of Attorney General
Department of Insurance, Financial Institutions,
 and Professional Registration
Department of Corrections
Department of Health and Senior Services
Department of Social Services -
 MO HealthNet Division
Department of Public Safety -
 Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Office of Prosecution Services
Office of Secretary of State
Office of State Public Defender

Not Responding:

Missouri Department of Transportation



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