

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2234-01
Bill No.: Truly Agreed To and Finally Passed HB 955
Subject: Health Care; Hospitals; Medicaid; Social Services Department
Type: Original
Date: May 21, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal Reimbursement Allowance*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

***Revenues and expenditures of more than \$382 million annually and would net to \$0.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

***Revenues and expenditures of more than \$599 million annually and would net to \$0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume this proposal would not fiscally impact their agency. DMS states that if the federal reimbursement allowance (FRA) program is not extended, additional funding would be needed to maintain the current level of services. DMS assumes the FRA program would not end before the expiration date. DMS also assumes the 85% limit would be met. DMS assumes that FY 2002 would be based on nine months and FY 2003 and FY 2004 would be based on twelve months. The federal participation rate use is 61.06%.

Cooper County Memorial Hospital officials assume this proposal would not fiscally impact their agency.

Officials from the **Barton County Memorial Hospital**, the **Cass Medical Center**, the **Excelsior Springs Medical Center**, the **Lincoln County Memorial Hospital**, the **Pemiscot Memorial Hospital**, the **Phelps County Regional Medical Center**, the **Ray County Memorial Hospital**, the **Samaritan Memorial Hospital**, and the **Ste. Genevieve County Memorial Hospital** officials did not respond to our fiscal impact request.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (9 Mo.)	FY 2003	FY 2004
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**FEDERAL REIMBURSEMENT
 ALLOWANCE FUND**

<u>Income - Department of Social Services</u>			
Assessment of hospitals	\$286,566,737	\$382,088,983	\$382,088,983
<u>Costs - Department of Social Services</u>			
Program specific expenditures	<u>(\$286,566,737)</u>	<u>(\$382,088,983)</u>	<u>(\$382,088,983)</u>

**ESTIMATED NET EFFECT ON
 FEDERAL REIMBURSEMENT
 ALLOWANCE FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2002 (9 Mo.)	FY 2003	FY 2004
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FEDERAL FUNDS

<u>Income - Department of Social Services</u>			
Medicaid match	\$449,351,951	\$599,135,935	\$599,135,935
<u>Costs - Department of Social Services</u>			
Program specific expenditures	(\$449,351,951)	(\$599,135,935)	(\$599,135,935)

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<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.

DESCRIPTION

Currently, the Department of Social Services makes payments to Medicaid provider hospitals in an annual amount. Under this proposal, beginning July 1, 2002, the federal reimbursement allowance for hospitals would terminate 180 days after the end of any state fiscal year when the federal reimbursement allowance assessment is more than 85% of the total of aggregate Medicaid direct payments, uninsured add-on payments, and enhanced graduate medical education payments. The payments and add-ons may be adjusted prospectively by the Director of the Department of Social Services during the 180-day period in order to comply with the 85% test. Enhanced graduate medical education payments would not be included in the 85% limit if the state's share of the payments come from a source other than the federal reimbursement allowance. The proposal would also allow alternative reimbursement for outpatient services to include enhanced payments or grants for hospital clinics that serve low-income uninsured patients. The proposal would extend the sunset date for the federal reimbursement allowance from September 30, 2001, to September 30, 2004, unless terminated sooner under the provisions of the proposal.

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 Social Services
Cooper County Memorial Hospital

NOT RESPONDING: Barton County Memorial Hospital, Cass Medical, Excelsior Springs Medical Center, Lincoln County Memorial Hospital, Pemiscot Memorial Hospital, Phelps County Regional Medical Center, Ray County Memorial Hospital, Samaritan Memorial Hospital, Ste. Genevieve County Memorial Hospital



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Director

May 21, 2001