

**COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION**

**FISCAL NOTE**

L.R. No.: 1332-03  
Bill No.: SCS for SB 450  
Subject: State Employees; State Departments; Transportation Dept.; Retirement - State;  
 Retirement - Schools; Retirement - Local Government; Conservation Dept.;  
 Health Care; Highway Patrol; Insurance-Medical; Insurance Dept.;  
 Administration, Office of; Medicaid; Mental Health  
Type: Original  
Date: March 10, 2003

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	(\$178,967)	(\$170,092)	(\$177,417) to Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$178,967)</b>	<b>(\$170,092)</b>	<b>(\$177,417) to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Senior Rx Fund	\$0	\$0	\$0
Highway Fund	\$0	\$0	\$0
Conservation Commission Fund	\$0	\$0	\$0
Various	\$0	\$0	Unknown
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 20 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Various	\$0	\$0	Unknown
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>Unknown</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of the Attorney General (AGO)** did not respond to our fiscal impact request. However, in response to an earlier version of this proposal, AGO assumed their office will have certain rulemaking duties on behalf of the new division which can be absorbed with existing resources.

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

Officials from the **Office of Administration – Division of Purchasing and Materials Management** assume the proposal would not have a direct impact on their division since the new division would be responsible for coordinating and purchasing health care benefit plans for all state employees, dependents, retirees and other recipients which is currently handled by other agencies.

Officials from the **Missouri State Highway Patrol** defer to the Department of Transportation to estimate the fiscal impact for the Patrol.

Officials from the **Highway and Transportation Employees' and Highway Patrol Retirement System** assume the language in the proposal mandates that the Employees of the ASSUMPTION (continued)

Office of Transportation Health Care remain in the MoDOT/Patrol Retirement System, and they receive the required contributions from the Office of Administration there would be no fiscal impact to the plan.

Officials from the **Department of Insurance** note the Director of their department would serve on the Board and assume this additional duty would result in minimal fiscal impact.

Officials from the **Secretary of State's Office (SOS)** state this proposal creates the Division of Community Health within the Office of Administration. Based on experience with other divisions the rules, regulations and forms issued by the Office of Administration could require as many as 310 pages in the *Code of State Regulations* and half again as many pages in the *Missouri Register* because cost statements, fiscal notes and the like are not repeated in the *Code*. SOS estimates the cost of a page in the *Missouri Register* and the *Code of State Regulations* to be \$23 and \$27, respectively. SOS estimates costs of \$19,065 for FY 2004. SOS states the impact of this proposal in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals 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 Social Services** assume:

(1) The responsibility for determining eligibility for Medicaid programs will remain with the Division of Family services;

(2) for FY 2004, the cost savings would be zero. The transfer of duties and functions of the Division of Medical Services (DMS) under the Division of Community Health would be in the merging and planning stage and therefore, no savings would be realized;

(3) the responsibility for making Medicaid payments will transfer to the Division of Community Health (DCH), resulting in a cost savings to the Department of Social Services and a cost to the DCH in the same amount as the entire DMS budget, which based on the FY 2004 Governor's Recommendations is \$4.5 billion;

(4) there may be additional cost savings to the Department of Social Services that cannot be determined at this time, but will be identified during the transition from DMS to DCH. It is ASSUMPTION (continued)

anticipated that certain support staff from various department divisions who are associated with DMS programs could potentially be transferred to DCH;

(5) for FY 2005 and FY 2006, the DMS anticipates a five percent (5%) administrative cost savings as the Division of Community Health administratively assumes the responsibility of each contract currently administered by DMS as each come up for annual renewal or rebid. The estimated costs savings, to the party paying the contractors, is unknown greater than \$100,000; and

(6) one long-term effect of this proposal to be an increased market share and leveraging power which is anticipated to hold down the growth of health care expenditures for all of the state's health care policies. DMH anticipates this effect will be realized by the state in years beyond the time frame of this fiscal note and therefore, has not reflected such a cost avoidance.

**Oversight** notes the FY2003 appropriation for the Division of Medical Services is \$4.2 billion.

Officials from the **Department of Health and Senior Services (DOH)** assume a savings would result, beginning July 1, 2004, for the amount currently appropriated, \$75.2 million, for the Missouri Senior Rx Program under HB 1110 (2002 Session), Section 10.825, for the Senior Rx fund and related FTE. DOH further assumes a corresponding cost to the fund would be incurred by the newly-created Division of Community Health. DOH assumes the transfer of authority would be complete in FY 2005 and therefore, shows no ongoing savings.

**Oversight** notes the Governor's Recommended appropriation for FY 2004 is \$61.5 million.

Officials from the **Department of Transportation (DHT)** estimate the proposal would result in the transfer of six positions – one Manager, one Senior Benefits Specialist, one Senior Account Technician, two Account Technicians and one Intermediate Clerk. DHT notes these positions are all funded from the Highway Fund. Total savings for these positions including salaries, fringe benefits, and expense and equipment is \$342,824.

DHT also assumes the Highway and Patrol Medical Plan would be eventually transferred to the Missouri Consolidated Health Care Plan. In the event this does happen Missouri Highway and Transportation Commission (MHTC) and the Highway Patrol would have an increase cost in the amount of state contribution for medical insurance that would be provided to the members of the

Highway & Patrol Medical Plan. The Highway and Patrol Medical Plan has a lower cost plan compared to MCHCP and other plans. If we are grouped with other plans (including MCHCP) our employees would also see a significant increase in out-of-pocket costs. Due to the ASSUMPTION (continued)

availability of MCHCP plans on a statewide basis, we used the MCHCP Co-Pay Plan for cost comparison, which is the most comparable plan to MoDOT/MSHP Medical Plan. DHT estimates costs to various state funds to be \$20.6 million in FY 2005 and \$23.4 million in FY 2006. DHT estimates costs to various federal funds to be \$181,859 in FY 2005 and \$205,501 in FY 2006. DHT notes the fiscal impact on retiree's out-of-pocket costs could not be determined due to tenure-based contribution policies. Using FY 2003 data, the total projected out-of-pocket annual costs for both MoDOT and MSHP members is \$14,907,561. DHT notes maximizing purchasing power could negatively impact the costs of all plan dues to the program costs of Medicaid and other programs. DHT assumes MCHCP costs would increase due to the utilization and cost trend increases for Medicaid which would increase costs for the MHTC and Highway Patrol.

**Oversight** notes the proposal does not require agencies to transfer to the Missouri Consolidated Health Care Plan. **Oversight** assumes the Board of Community Health will recommend a health care plan that will be cost neutral or provide a savings.

Officials from the **Missouri Consolidated Health Care Plan (MCHCP)** state this proposal has the potential to fiscally impact their agency. MCHCP assumes potential savings could be realized by consolidating administrative efforts across all programs. MCHCP assumes their agency could also experience some initial expense in the transition period from separate organizations to the Division of Community Health (staff integration, systems integration, policy reformation). MCHCP notes, due to the uncertain nature of the levels of potential impact of this proposal, the actual fiscal impact is unknown. MCHCP notes the state of Georgia has implemented a similar program and after the integration of all their departments, they project an administrative savings of approximately 5%. In FY 2004, for MCHCP, a 5% savings would equate to \$337,174. MCHCP notes any projected impact regarding claims costs would depend upon how the current costs ultimately compare to the final determination as to the state's cost-sharing provisions, contracted rates with the HMOs, and amount of self-funding that are eventually determined for the new division and its various offices. MCHCP notes during the implementation stage, it is likely that this impact would not be felt. MCHCP also states there would be some unknown cost for the integration of all the systems into one unified configuration.

**Oversight** assumes the proposal will not change the source of funds or where the fund will go.

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**Oversight** assumes the source of appropriation is for fringe benefits. Therefore, **Oversight** is not showing a fiscal impact related to the transfer of duties performed by the Board of Trustees of the MCHCP to the Office of Administration.

ASSUMPTION (continued)

Officials from the **Department of Conservation (MDC)** assume employees covered under the Conservation Employees' Insurance Trust Fund would be transferred to coverage under the Missouri Consolidated Health Care Plan (MCHCP). MDC notes based on the current plan coverage, closest in comparison between MCHCP and MDC's First Health PPO, single coverage employees would pay approximately \$100,000 more per year for employee only coverage, and approximately \$3,120,000 more per year for employee and family coverage. MDC states the Department's contribution for active employees would increase by approximately \$243,000 per year for single coverage and approximately \$2,260,000 for employee and family coverage. MDC states under the proposed changes, retirees would pay approximately \$725,000 more per year, and the Department would contribute an additional \$1,900,000 per year for retiree insurance. MDC assumes the total approximate increase in cost would be \$8,350,000.

**Oversight** notes the proposal does not require agencies to transfer to the Missouri Consolidated Health Care Plan. **Oversight** assumes the Board of Community Health will recommend a health care plan that will be cost neutral or provide a savings. **Oversight** assumes the Department of Conservation will transfer all necessary Conservation Commission funds, relating to the furnishing of health insurance for employees and their dependents and retirees, to the Office of Administration. **Oversight** assumes the amount of such transfer is unknown.

Officials from the **University of Missouri (UM)** assume the proposal would result in a health care benefit system whose costs would be equal or greater than the current costs of the Missouri Consolidated Health Care Plan (MCHCP). Based on this assumption, should all participants in the UM Medical Benefits Plan be transferred to the MCHCP (based on current public entity rates for MCHCP), the annual increase in costs to UM, its faculty, staff and retirees, would be between \$53.1 and \$84.7 million depending on the benefit program selected by the participants.

**Oversight** notes the proposal does not require agencies to transfer to the Missouri Consolidated Health Care Plan. **Oversight** assumes the Board of Community Health will recommend a health care plan that will be cost neutral or provide a savings. **Oversight** assumes the University of Missouri will transfer all necessary General Revenue funds, relating to the furnishing of health insurance plans for employees of the University system and their dependents and retirees, to the Office of Administration. **Oversight** assumes the amount of such transfer is unknown.

Officials from the **Office of Administration – Deputy Commissioner's Office (OA)** assume the proposal would affect the Office of Administration by creating a new Division of Community Health and a new Board of Community Health within their agency. OA assumes the proposal would create two additional FTE: 1) Commissioner (with an annual salary of \$90,828) of the

Division of Community Health and 2) Clerical Staff (with an annual salary of \$35,000) for the ASSUMPTION (continued)

Commissioner and Board. OA assumes the commissioner and clerical staff would need office space as well as a conference room for the Board of Community Health. OA assumes these FTE would start in FY 2005, therefore no costs are reported in FY 2004 for the 2 FTE salaries, benefits, and expense and equipment.

OA states beginning July 1, 2003, (FY 2004) the Board of Community Health will be established with 11 members who will receive per diem allowance and expenses. OA states at December 1, 2004 (FY 2005) an additional 5 members will be added to the board who will also receive per diem allowance and expenses.

OA assuming the board meets monthly, calculates the following annual per diem amount would be paid per member:

12 meetings @ \$75.20 = \$902.40 annual per diem per member.

OA assumes the following costs to General Revenue:

Category	FY 2004	FY 2005	FY 2006
Personal Services	\$0	\$132,198	\$135,503
Fringe	\$0	\$53,501	\$54,838
Equipment & Expense	\$0	\$24,613	\$1,698
Rent	\$12,069	\$12,431	\$12,804
Board Per Diem (Initial 11)	\$9,926	\$10,224	\$10,531
Board Per Diem (5 Addt'l)	\$0	\$2,711	\$4,787
Board Member Travel	\$5,500	\$7,167	\$8,487
Commissioner Travel	\$0	\$515	\$530
Total	\$27,495	\$243,360	\$229,178

OA note the proposal proposes that the Division of Community Health within the Office of



Administration shall carry out all powers, duties, and functions previously performed by the Division of Medical Services, the Commission of the Missouri Senior Rx Program, the Board of ASSUMPTION (continued)

Trustees of the Missouri Consolidated Health Care Plan, and the Department of Social Services relating to the administration of a program to pay for health care for uninsured children. Also, portions of the State Highways and Transportation Commission, the State Conservation Commission, and the Board of Curators of the University of Missouri, relating to furnishing health insurance for their employees. OA notes the abovementioned entities' employees and appropriations will become the Division of Community Health. OA states, therefore, no costs were included in this fiscal note for these items.

**Oversight** notes the proposal contains an emergency clause and assumes the Commissioner and the clerical staff will be hired by July 1, 2003.

**Oversight** accepts the salary assumed by OA for the Commissioner. **Oversight**, for fiscal note purposes only, changed the starting salary for OA's requested clerical staff (Senior Office Support Assistant) to correspond to the second step above minimum (an annual salary of \$20,472) for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

**Oversight** assumes existing office space could be used in place of OA's assumed rental space requirement for the additional two FTE and a conference room.

**Oversight** assumes no cost for the Board Member per diem in FY 2004 because all eleven members are state employees receiving a salary. Beginning December 1, 2004, five additional members shall be appointed to the Board. **Oversight** assumes these additional members are not state employees. **Oversight** assumes these five (5) members would meet four (4) times per year for two (2) days per meeting, in Jefferson City. **Oversight** assumes each board member will receive a \$50 per diem. **Oversight** assumes per diem, mileage, lodging, and meal expenses, for these five members to cost approximately \$7,000 annually.

**Oversight** assumes appropriations to the affected entities will be transferred to the Office of Administration in FY 2005. **Oversight** assumes subsequent years' appropriations will be adjusted and therefore shows no ongoing fiscal impact, beginning in FY 2006. For the fiscal impact section, where actual numbers are used, **Oversight** is using FY 2003 appropriation levels.

**Oversight** notes the intent of the proposal is to streamline the administration of the state's health

care purchasing. **Oversight** assumes FY 2006 would be the first year for potential savings. **Oversight** assumes the savings to General Revenue, other state funds and federal funds to be zero to unknown depending on the rates the Division is able to negotiate.

ASSUMPTION (continued)

**Oversight** assumes the direct impact to local governments to be zero until at least FY 2007. In FY 2007 and beyond, local governments may realize a savings if they opt to join the state's purchasing power with regard to purchasing health care plans.

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
<b>GENERAL REVENUE</b>			
<u>Savings – Division of Medical Services</u>			
Transfer of Duties to OA – DCH (Includes Potential Transfer of Additional Support Staff)	\$0	At least \$798,831,050	\$0
<u>Savings – University of Missouri</u>			
Transfer of Costs to OA – DCH	\$0	Unknown	\$0
<u>Savings – Various Agencies</u>			
Potential Reduction in Health Care Plan Costs	<u>\$0</u>	<u>\$0</u> At least	<u>Unknown</u>
<u>Total Savings</u>	<u>\$0</u>	<u>\$798,831,050</u>	<u>Unknown</u>
<u>Costs – Office of Administration</u>			
Assumption of Duties Related to the Division of Medical Services and the Administration of the “CHIPS” Program	\$0	(At least \$798,831,050)	\$0
Assumption of Duties Related to the Furnishing of Health Insurance Plans for University of Missouri System Employees	\$0	(Unknown)	\$0

Personal Service (2 FTE)	(\$110,585)	(\$116,935)	(\$119,858)
Fringe Benefits	(\$44,754)	(\$47,324)	(\$48,507)
Expense and Equipment	(\$23,628)	(\$1,648)	(\$1,698)

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
Board Member Expenses (Per Diem, Meals, Mileage, and Travel)	<u>\$0</u>	<u>(\$4,185)</u>	<u>(\$7,354)</u>
		<u>(At least</u>	
<u>Total Costs</u>	<u>(\$178,967)</u>	<u>\$799,001,142)</u>	<u>(\$177,417)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$178,967)</u></b>	<b><u>(\$170,092)</u></b>	<b><u>(\$177,417) to Unknown</u></b>

**SENIOR RX FUND**

<u>Savings</u> – DOH			
Transfer of Duties to OA – DCH	\$0	\$75,209,494	\$0
<u>Costs</u> – Office of Administration			
Assumption of Duties Related to the Missouri Senior Rx Program	<u>\$0</u>	<u>(\$75,209,494)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON SENIOR RX FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**HIGHWAY FUND**

<u>Savings</u> – Department of Transportation			
Transfer of Duties to OA – DCH	\$0	\$342,824	\$0
<u>Costs</u> – Office of Administration			
Assumption of Duties Related to the Furnishing of Health Insurance Benefits to Cover Medical Expenses of the Highways and Transportation Employees' and Highway Patrol Retirement System	<u>\$0</u>	<u>(\$342,824)</u>	<u>\$0</u>

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**ESTIMATED NET EFFECT ON  
HIGHWAY FUND**

\$0

\$0

\$0

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
<b>CONSERVATION COMMISSION FUND</b>			
<u>Savings</u> – Department of Conservation			
Transfer of Costs to OA – DCH	\$0	Unknown	\$0
<u>Costs</u> – Office of Administration			
Assumption of Duties Related to the Furnishing of Health Insurance for Department of Conservation Employees	<u>\$0</u>	<u>(Unknown)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <b>VARIOUS OTHER STATE FUNDS</b>			
<u>Savings</u> – Division of Medical Services			
Transfer of Duties to OA – DCH	\$0	\$504,524,874	\$0
<u>Savings</u> – Various Agencies			
Potential Reduction in Health Care Plan Costs	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>
<u>Total Savings</u>	<u>\$0</u>	<u>\$504,524,874</u>	<u>Unknown</u>
<u>Costs</u> – Office of Administration			
Assumption of Duties Related to the Division of Medical Services and the Administration of the “CHIPS” Program	<u>\$0</u>	<u>(\$504,524,874)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON VARIOUS OTHER STATE FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>Unknown</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
<b>VARIOUS FEDERAL FUNDS</b>			
<u>Savings</u> – Division of Medical Services			
Transfer of Duties to OA – DCH (Includes Potential Transfer of Additional Support Staff)	\$0	At least \$2,901,018,025	\$0
<u>Savings</u> – Various Agencies			
Potential Reduction in Health Care Plan Costs	<u>\$0</u>	<u>\$0</u> At least	<u>Unknown</u>
<u>Total Savings</u>	<u>\$0</u>	<u>\$2,901,018,025</u>	<u>Unknown</u>
<u>Costs</u> – Office of Administration			
Assumption of Duties Related to the Division of Medical Services and the Administration of the “CHIPS” Program	<u>\$0</u>	<u>(At least \$2,901,018,025)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON VARIOUS FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>Unknown</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Within the scope of this fiscal note, no direct fiscal impact to small businesses would be expected as a result of this proposal. After July 1, 2006, small businesses may be able to purchase health

care plans which are more affordable or perhaps not available to them previously.

### DESCRIPTION

This proposal creates a new division in the Office of Administration called the Division of Community Health. The goal of the Division of Community Health (Division) will be to focus the purchasing power and streamline the administration of the state's health care purchasing. The proposal creates the "Board of Community Health" which shall establish the general policy to be followed by the Division. Division will have a board and a Commissioner. The initial Board will consist of eleven members who shall be appointed by the Governor with the advice and consent of the Senate except for the member of the House of Representatives and the member of the Senate who shall be appointed by their respective chamber. One member is Director of the Department of Insurance, one is the Director of the Office of Administration, and the others are representatives or directors from the various groups that are assimilated under the Division of Community Health. On December 1, 2004, five new members will be added to the Board. The new members will be appointed with the advice and consent of the Senate. One will be from the Missouri School Boards Association, one from the Missouri Community Colleges Association, one representative of the public four-year institutions of higher education, excluding the University of Missouri, and two will be representatives of small business. Members shall serve for two-year terms and may be reappointed indefinitely. There shall be a chairperson of the Board elected by and from the membership of the Board. The members of the Board shall receive a per diem allowance and expenses as set by the Office of Administration.

The Division shall carry out all powers, duties, and functions previously performed by:

- (1) The division of medical services pursuant to section 208.201, RSMo;
- (2) The commission of the Missouri senior Rx program as established by section 208.553, RSMo;
- (3) The state highways and transportation commission, relating to the furnishing of health insurance benefits to cover medical expenses for members of the highways and transportation employees' and highway patrol retirement system;
- (4) The board of trustees of the Missouri consolidated health care plan pursuant to chapter 103, RSMo;
- (5) The department of social services, relating to the administration of a program to pay for health care for uninsured children pursuant to sections 208.631 to 208.657, RSMo;
- (6) The state conservation commission, relating to the furnishing of health insurance for department of conservation employees and their dependents and retirees;



(7) The board of curators of the university of the state of Missouri, relating to the furnishing of health insurance plans for employees of the university system and their dependents and retirees.

DESCRIPTION (continued)

On July 1, 2004, the offices of the Division shall be as follows:

- (1) The division of medical services shall be transferred to the division of community health on July 1, 2004, and shall thereafter be known as the "Office of Medical Services" within the Division;
- (2) The commission for the Missouri senior Rx program shall be transferred to the division of community health on July 1, 2004, and shall thereafter be known as the "Office of the Missouri Senior Rx Program" within the Division;
- (3) The board of trustees of the Missouri consolidated health care plan shall be transferred to the division of community health on July 1, 2004, and shall thereafter be known as the "Office of the Missouri Consolidated Health Care Plan;
- (4) The office of the transportation employees health care plan;
- (5) The office of health care for uninsured children;
- (6) The office of the conservation commission employees health care plan;
- (7) The office of the University of Missouri employees health care plan; and
- (8) Such other offices as the Board may establish within the Division.

In addition to its other powers, duties, and functions, the Division of Community Health shall carry out the following objectives:

- (1) Be the lead agency in coordinating and purchasing health care benefit plans for all state employees, dependents, and retirees and those recipients of programs provided in subsection 1 of this section, and study and recommend any additional functions needed to carry out the purposes of the Division including the number and qualifications of employees the Division will require in fiscal year 2005. An analysis and status of the duties established in this subdivision, along with any recommendations, shall be made to the governor and general assembly by December 31, 2003;
- (2) Be authorized to appoint a health care work force policy advisory committee to oversee and coordinate work force planning activities;
- (3) Be authorized to solicit and accept donations, contributions, and gifts and receive, hold, and

use grants, devises, and bequests of real, personal, and mixed property on behalf of the state to enable the Division to carry out its functions and purposes.

DESCRIPTION (continued)

After December 1, 2004, the Division shall investigate coordinating and purchasing health care benefit plans for employees of the public schools, community colleges, political subdivisions of the state and public four-year institutions of higher education, excluding the University of Missouri, and all such employees' dependents and investigate the lack of availability of health insurance coverage and the issues associated with the uninsured population of this state. The Division is authorized to investigate the feasibility of creating and administering insurance programs for small businesses and to propose cost-effective solutions to reducing the numbers of uninsured in this state. An analysis and status of the duties established in this subdivision, along with any recommendations, shall be made to the governor and the general assembly by December 31, 2005.

After July 1, 2006, the Division shall be the lead agency in coordinating and purchasing health care benefit plans for the employees and their dependents of the public schools, the community colleges, and the political subdivisions of the state as well as small businesses with less than 50 employees and uninsured citizens. Participation by these groups will be at their option.

To assist in the transition of functions all persons employed by an entity listed in subsection 1 of section 37.635 on June 30, 2004, shall, on July 1, 2004, become employees of the Division of Community Health within the office into which such predecessor agency has become. Transferred employees' compensation and benefits shall not be reduced as a result of such transfer. Merit system rights are retained and retirement rights shall not be impaired or interrupted by the transfer of such employees and membership in any such retirement system shall continue in the same status possessed by the transferred employees on June 30, 2004. Accrued annual and sick leave possessed by said employees on June 30, 2004, shall be retained by said employees as employees of the Division.

The rules and regulations and the rights under any contract of a prior entity will be assumed by the Division. The Office of Administration is authorized to promulgate rules to modify such prior rules and regulations.

The rights, privileges, entitlements, and duties of parties to contracts, leases, agreements, and other transactions entered into before July 1, 2004, by any predecessor agency and which pertain to the functions transferred to the Division by this chapter shall continue to exist.

Any appropriation to such entity for the purpose of health care as outlined in the proposal will be transferred to the Office of Administration for use by the Division.

This proposal creates the position of Commissioner of Community Health. The Commissioner  
DESCRIPTION (continued)

shall be the chief administrative officer of the Division and shall be subject to appointment by the Governor with the advice and consent of the Senate.

Pursuant to section 3.060, RSMo, the revisor of statutes shall have the authority to make all changes necessary to effectuate the purposes this proposal, including, but not limited to, substituting the name of agencies transferred by law, and transferring sections or dividing or combining sections consistent with the transfers made in sections 37.625 to 37.645, RSMo, without changing the meaning of such sections.

This proposal contains an emergency clause.

This proposal 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

- Deputy Commissioner’s Office
- Division of Purchasing and Materials Management

Office of the Governor

Missouri Senate

Missouri House of Representatives

Department of Public Safety – Missouri State Highway Patrol

Highway and Transportation Employees’ and Highway Patrol Retirement System

Department of Insurance

Secretary of State’s Office

Department of Social Services

Department of Health and Senior Services

Department of Transportation

Missouri Consolidated Health Care Plan

Department of Conservation

University of Missouri

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**NOT RESPONDING**  
**Office of the Attorney General**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent initial "M".

MICKEY WILSON, CPA  
DIRECTOR  
MARCH 10, 2003