

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5096-05
Bill No.: Perfected SS for SB 1007
Subject: Department of Social Services; Department of Health and Senior Services;
 Medicaid; Disabilities; Public Assistance
Type: Original
Date: April 20, 2010

Bill Summary: This legislation modifies provisions relating to public assistance programs administered by the state. This legislation no longer allows public hospitals to be exempted from participating in the Hospital Reimbursement Allowance. This legislation modifies provisions regarding MO HealthNet's authority to collect payment from third party payers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0 to Unknown but Greater than \$8,435,650	\$0 to Unknown but Greater than \$9,094,649	\$0 to Unknown but Greater than \$17,773,661
Total Estimated Net Effect on General Revenue Fund	\$0 to Unknown but Greater than \$8,435,650	\$0 to Unknown but Greater than \$9,094,649	\$0 to Unknown but Greater than \$17,773,661

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Third Party Liability Fund	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100	Unknown but Greater than \$367,100

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal	\$6,500,000	\$6,500,000	\$6,500,000
Total Estimated Net Effect on <u>All</u> Federal Funds	\$6,500,000	\$6,500,000	\$6,500,000

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

Sections 198.016, 208.010, 208.215, 208.453, 208.895, 208.909, 208.918, 660.023 & 660.300:

Officials from the **Office of Administration-Administrative Hearing Commission, Department of Corrections, Office of the State Courts Administrator, Department of Insurance, Financial Institutions and Professional Registration, Missouri State Highway Patrol** and the **Missouri State Treasurer** each assume the proposal would have no fiscal impact on their respective agencies.

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)** states there appears to be nothing in this legislation that creates obligations or requirements for the DMH that would result in a fiscal impact.

Section 208.453: In addition, the legislation deletes from RSMo section 208.453 the language exempting DMH psychiatric hospitals from the hospital provider tax. This change will allow DMH hospitals to generate additional Federal Medicaid revenues of approximately \$6.5 million.

ASSUMPTION (continued)

Section 208.215: The requirement to process and pay all properly submitted medical assistance subrogation claims or MO HealthNet subrogation claims for a period of three years from the date services were provided does not appear to impact the DMH since it doesn't meet the definition of one of the entities required to do so.

The requirement that proceeds from certain settlements be used to reimburse the Department of Social Services for medical assistance received by an individual injured in an occupational or work related incident could result in some savings to the DMH if the injured individual received DMH services funded through Medicaid. If collections received were deposited to the credit of DMH the Department would recoup some money. What is unknown is whether DMH would serve many individuals in this population and also whether there would be very much revenue collected from this. Fiscal Impact is unknown less than \$100,000.

In response to a previous version of this proposal, officials from the **Department of Health and Senior Services** state all Medicaid related cost avoidances are calculated at the blended FY 2011 Federal Medical Assistance Percentage (FMAP) rate of 63.595 percent. This rate was utilized in projections for all years.

Telephony is a form of electronic verification system, as recommended by the Lewin Group to the Department of Social Services (<http://www.dss.mo.gov/mhd/oversight/pdf/longterm-care2010jan07.pdf>, page 20). When used in other states, telephony has resulted in more accurate billing and cost savings of up to five percent. With this proposal, all vendors and providers of home and community based services must have a telephony based system on July 1, 2011 (for vendors and providers with more than 150 participants), and on July 1, 2012 (for vendors and providers with 150 or fewer participants). Due to the staggered implementation date, DSDS assumes savings in FY 2011 of \$0 - \$1,000,000, savings in FY 2012 of \$0 - \$2,000,000, and up to five percent of all HCBS costs in FY 2013. Assuming HCBS costs in FY 2013 of approximately \$500,000,000, this will result in a cost avoidance of < \$25,000,000.

The remaining sections of the bill will have no impact on DHSS.

Total Net Fiscal Impact:

FY 2011	GR: \$0 to \$364,050	FED: \$0 to \$635,950	TOTAL:\$1,000,000
FY 2012	GR: \$0 to \$728,100	FED: \$0 to \$1,271,900	TOTAL:\$2,000,000
FY 2013	GR: \$0 to \$9,101,250	FED: \$0 to \$15,898,750	TOTAL:\$25,000,000

SEC:LR:OD (12/02)

ASSUMPTION (continued)

In response to a previous version of this proposal, officials from the **Department of Social Services-MO HealthNet Division (MHD)** state the following:

Section 208.010.10.: Currently MHD is required to reimburse full payment of Medicare Part B coinsurance and deductibles for dual eligibles. 1902(n)(2) of the SSA provides that a state is not required to provide payment to the extent that the payment under Medicare would exceed the payment amount under Medicaid. The proposed legislation will allow the MHD to re-price Part B outpatient crossover claims to no more than the MHD fee schedule amount.

A sample of the Part B outpatient crossover claims was taken and 26% of the sample could be re-priced to the MHD fee schedule. Based on this sample, it is estimated MHD could save \$21.9 million. (Outpatient crossover payments multiplied by 26%.)

Cost Savings for re-price of Part B Hospital Outpatient claims: FY11 \$21,900,000, FY12 \$22,710,300 and FY13 \$23,550,581. A 3.7% trend was added for FY12 & FY13.

Section 208.215: In response to a similar proposal from this year (SB799), officials from the DSS state this section requires health benefit plans to process MO HealthNet subrogation claims for a period of three years from the date of service, regardless of their timely filing requirements. This would significantly increase third party liability recoveries. The estimated increase in recoveries is unknown but greater than \$1,000,000.

FISCAL IMPACT - State Government FY 2011 FY 2012 FY 2013

GENERAL REVENUE FUND

Savings - Department of Health and Senior Services

Program Savings	\$0 to \$364,050	\$0 to \$728,100	\$0 to \$9,101,250
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Savings - Department of Mental Health
 Program Savings

Unknown Less than \$100,000	Unknown Less than \$100,000	Unknown Less than \$100,000
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Savings - Department of Social Services
 Program Savings Section 208.010.10

<u>Unknown but Greater than \$7,971,600</u>	<u>Unknown but Greater than \$8,266,549</u>	<u>Unknown but Greater than \$8,572,411</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

<u>\$0 to Unknown but Greater than \$8,435,650</u>	<u>\$0 to Unknown but Greater than \$9,094,649</u>	<u>\$0 to Unknown but Greater than \$17,773,661</u>
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THIRD PARTY LIABILITY FUND

Savings - Department of Social Services
 Program Savings

<u>Unknown but Greater than \$367,100</u>	<u>Unknown but Greater than \$367,100</u>	<u>Unknown but Greater than \$367,100</u>
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ESTIMATED NET EFFECT ON THIRD PARTY LIABILITY FUND

<u>Unknown but Greater than \$367,100</u>	<u>Unknown but Greater than \$367,100</u>	<u>Unknown but Greater than \$367,100</u>
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<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011	FY 2012	FY 2013
FEDERAL FUNDS			
<u>Savings - Department of Health and Senior Services</u>			
Program Savings	\$0 to \$635,950	\$0 to \$1,271,900	\$0 to \$15,898,750
<u>Income- Department of Mental Health</u>			
Federal Revenues Section 208.453	\$6,500,000	\$6,500,000	\$6,500,000
<u>Savings- Department of Mental Health</u>			
Program Savings Section 208.215	Unknown Less than \$100,000	Unknown Less than \$100,000	Unknown Less than \$100,000
<u>Savings- Department of Social Services</u>			
Program Savings Section 208.215	Unknown but Greater than \$632,900	Unknown but Greater than \$632,900	Unknown but Greater than \$632,900
<u>Savings - Department of Social Services</u>			
Program Savings Section 208.010.10	Unknown but Greater than \$13,928,400	Unknown but Greater than \$14,443,751	Unknown but Greater than \$14,978,170
<u>Costs - Department of Health and Senior Services</u>			
Reimburse Federal Assistance	(\$0 to \$635,950)	(\$0 to \$1,271,900)	(\$0 to \$15,898,750)
<u>Costs - Department of Mental Health</u>			
Return Federal Assistance Section 208.215	(Unknown Less than \$100,000)	(Unknown Less than \$100,000)	(Unknown Less than \$100,000)
<u>Costs - Department of Social Services</u>			
Return Federal Assistance Section 208.215	(Unknown but Greater than \$632,900)	(Unknown but Greater than \$632,900)	(Unknown but Greater than \$632,900)

FISCAL IMPACT - State Government FY 2011 FY 2012 FY 2013
 (continued)

FEDERAL FUNDS (continued)

<u>Costs - Department of Social Services</u>			
Reimburse Federal Assistance Section	(Unknown but	(Unknown but	(Unknown but
208.010.10	Greater than	Greater than	Greater than
	\$13,928,400)	\$14,443,751)	\$14,978,170)

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$6,500,000</u>	<u>\$6,500,000</u>	<u>\$6,500,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2011	FY 2012	FY 2013
	(10 Mo.)		
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This legislation will mandate that in-home services providers and consumer directed services vendors must have a telephonic based billing system.

FISCAL DESCRIPTION

Sections 198.016, 208.010, 208.215, 208.453, 208.895, 208.909, 208.918, 660.023 & 660.300:

The proposed legislation modifies provisions relating to public assistance programs administered by the state.

Current law requires reimbursement for services provided to an individual who is eligible for MO HealthNet, Medicare Part B, and Supplementary Medical Insurance to include payment in full of deductible and coinsurance amounts as determined by federal Medicare Part B provisions. This legislation exempts MO HealthNet from paying for the Medicare Part B deductible and coinsurance amounts for hospital outpatient services. Section 208.010

FISCAL DESCRIPTION (continued)

This legislation requires both personal care assistance vendors and in-home services providers to use a telephone tracking system to review and certify the accuracy of reports of delivered services and to ensure more accurate billing by July 1, 2015. The requirements of the telephone tracking system are specified in the legislation. In order for vendors or provider agencies to obtain an agreement with the Department of Social Services, the vendor or agency must demonstrate the ability to implement the telephone tracking system.

Personal care assistance consumers shall be responsible for approving requests through the telephone tracking system and shall provide the vendor with necessary information to complete the required paperwork for establishing the employer identification number.

This legislation repeals the language allowing for the Department of Health and Senior Services to reimburse in-home providers for nurse assessments of participants in the in-home and home and community based programs. New language is added allowing the Department to contract for home and community based assessments through an independent third-party assessor. Section 208.895

The Department of Health and Senior Services shall establish telephony pilot programs in collaboration with other appropriate agencies, including centers for independent living, in rural and urban areas report to the Governor and General Assembly on the program. The report shall take into consideration the impact of a telephone tracking system on the quality of the services delivered to the consumer and the principles of self-directed care. Sections 208.909, 208.918, 660.023.

Current law provides that all in-home services clients shall be advised of their rights by the Department of Health and Senior Services, including the right to call the Department to report dissatisfaction with the provider or services. This legislation provides that it can be by the Department's designee. This legislation also provides that the Department may contract for services relating to receiving such complaints. Section 660.300

The repeal and reenactment of section 208.895 shall become effective on July 1, 2011, or when the contract specified in the section is awarded, whichever comes first. Section B

Amendment #1: This legislation no longer allows public hospitals which are operated primarily for the care and treatment of mental disorders to be exempted from participating in the Hospital Reimbursement Allowance. Section 208.453

FISCAL DESCRIPTION (continued)

Amendment #3: This legislation modifies provisions relating to the MO HealthNet Division's authority to collect from third party payers.

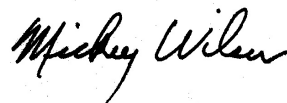
Under this legislation any third party administrator, administrative service organization, health benefit plan and pharmacy benefits manager shall process and pay all properly submitted MO HealthNet subrogation claims for a period of three years from the date services were provided or rendered, regardless of any other timely filing requirement. The entity shall not deny such claims on the basis of the type or format of the claim form, failure to present proper documentation of coverage at the point of sale, or failure to obtain prior authorization. The MO HealthNet Division shall also enforce its rights within six years of a timely submission of a claim.

Certified computerized MO HealthNet records shall be prima facie evidence of proof of moneys expended and the amount due the state. Section 208.215

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
Office of Administration-Administrative Hearing Commission
Missouri State Treasurer
Department of Corrections
Office of the State Courts Administrator
Department of Insurance, Financial Institutions and Professional Registration
Missouri State Highway Patrol



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