

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5096-09
Bill No.: HCS for SS for SB 1007
Subject: Department of Social Services; Department of Health and Senior Services;
 Medicaid; Disabilities; Public Assistance
Type: Original
Date: May 10, 2010

Bill Summary: This legislation amends various requirements for 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. The proposal adds specialists, certain charitable health care referral networks, professional corporations of a physician, and other professionals for whom the State Legal Expense Fund is available for certain claims. This legislation requires the Department of Social Services to test applicants for or recipients of Temporary Assistance for Needy Families benefits for the illegal use of controlled substances. Health Maintenance Organization Tax. Replace “Curators of the University of Missouri” to “Department of Health and Senior Services” for treatment and commitment of persons having tuberculosis. CHIP Reauthorization Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$3,287,308 to \$6,088,820	\$2,810,402 to \$5,480,971	\$2,943,482 to \$19,265,925
Total Estimated Net Effect on General Revenue Fund	\$3,287,308 to \$6,088,820	\$2,810,402 to \$5,480,971	\$2,943,482 to \$19,265,925

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 23 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
State Legal Expense*	\$0	\$0	\$0
Managed Care Fund	Unknown but Less than \$24,174,637	Unknown but Less than \$24,174,637	\$0
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 Less than \$24,541,737	Unknown but Less than \$24,541,737	Unknown but Greater than \$367,100

* Offsetting Transfers in and Costs of More than \$100,000 per year, net to \$0.

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
General Revenue	4.92 FTE	4.92 FTE	4.92 FTE
Federal	3.08 FTE	3.08 FTE	3.08 FTE
Total Estimated Net Effect on FTE	8 FTE	8 FTE	8 FTE

- 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

Officials from the **Department of Labor and Industrial Relations** assume the proposal would have no fiscal impact on their agency.

Sections 105.012:

All state elected officials (167 Representatives, 34 Senators, Governor, Lieutenant Governor, Attorney General, Secretary of State, Treasurer, State Auditor, total of 207) are to be tested for the illegal use of a controlled substance. Officials who test positive are required to participate in a drug treatment program. Officials who refuse to be tested or test positive and fail to participate in a treatment program are subject to any sanction authorized by law or rule of respective house of the general Assembly. \

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

Section 105.711:

Officials from the **Office of the Attorney General (AGO)** states that this proposal adds to the list of individuals and entities covered by the State Legal Expense Fund. The AGO is responsible for defending claims against the State Legal Expense Fund. AGO assumes that because claims for malpractice or liability may be brought against the State Legal Expense Fund, this provision will create a fiscal impact. In addition to increased costs associated with litigation of the claims, any moneys paid from the Legal Expense Fund are appropriated out of general

ASSUMPTION (continued)

revenue. Although the number of such cases is unknown, had this legislation been in effect in 2008, the State Legal Expense Fund would have incurred at least an additional \$8 million in liability. Consequently, costs are unknown but could be significant, well exceeding \$100,000 per year.

Officials from the **Office of Administration (COA)** assume currently the services provided by the health care professionals covered under the state legal expense performing pro-bono work or services covered by Medicaid/Medicare at health department or free clinics covered under the state legal expense fund are limited to primary and preventative care. Extending the services to include health care services provided by a specialist has the potential for increased costs to the state legal expense fund. Medical care provided by a specialist may present much higher exposure to the state legal expense fund than primary care services.

COA states state legal expense fund coverage is extended to physician corporations under Chapter 356 and licensed health care professional of licensed physicians/dentists who are referred patients from a health department; non-profit health center, federally funded community health center or a charitable health care referral network exempt from federal taxation pursuant to Section 501(c)(3) who provide medical services pro-bono. These proposed expansions to the state legal expense fund create the potential for costs that cannot be determined at this time.

COA states the state self-assumes its own liability protection under the state legal expense fund, Section 105.711, RSMo. It is a self-funding mechanism whereby funds are made available for the payment of any claim or judgment rendered against the state in regard to the waivers of sovereign immunity or against employees and specified individuals. Investigation, defense, negotiation or settlement of such claims is provided by the Office of the Attorney General. Payment is made by the Commissioner of Administration with the approval of the Attorney General.

COA officials assume the cost could exceed \$100,000 per fiscal year because the legislation is covering additional professionals under the state legal expense fund. COA has reflected the costs affecting the general revenue fund, as general revenue funds the state legal expense fund.

Sections 148.340 - 148.380:

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume the 6 HMOs that contract with Missouri HealthNet had written premium of \$1,208,731,869 for 2009. This amount would result in \$24,174,637 in premium tax (paid at 2% of written premium) being deposited into the Managed Care Fund in FY2011 and FY2012. Due

ASSUMPTION (continued)

to the expiration of the subsection on June 30, 2012, no funds would be deposited into the Managed Care Fund in FY2013.

Oversight notes per discussion with the Department of Social Services (DSS) there will be an unknown cost to DSS for this legislation. DSS will need to increase payments to the Managed Care Organizations to cover increase cost. Therefore, for fiscal note purposes only, Oversight assumes an savings of Unknown but Less than \$24,174,637.

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 the following:

Section 208.453: 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 208.010.10: The legislation allows MO HealthNet Division to re-price outpatient hospital claims when the individual is dually Medicare and Medicaid eligible. Normally, Medicaid pays the provider 20% of the payment amount under Medicare as coinsurance and Medicare pays the rest. On these claims Medicaid will pay 20% of the amount currently paid under Medicaid, which is less than the amount paid by Medicare resulting in savings to MO HealthNet. Most of the Part B claims paid on behalf of DMH clients are paid on behalf of individuals who are inpatients. Thus, there would be negligible impact to the Department. Impact unknown less than \$100,000 dollars.

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.

Sections 208.909, 208.918, and 660.023: 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. Under this language, all providers of in-home services must have telephony services on or before July 1, 2012 and all vendors by July 1, 2015. As a result, no cost avoidance are shown for FY 2011 and FY 2012, and up to five percent cost avoidance for in-home services for FY 2013, or up to \$18.75M (FY 2011: \$0; FY 2012: \$0; FY 2013: \$0 - \$18,750,000)

Section 208.895 Third Party Assessment: Assessments conducted by an independent third party was another recommendation made by the Lewin Group (ibid., page 9). This bill addresses the HCBS assessment component. When implemented in other states, increases in denial rates of up to 0.75 percent were seen, due to more accurate and consistent assessments. Using the Lewin Group's estimates:

Cost avoidance for 10,000 nurse assessments at \$40.85/assessment as currently conducted (pursuant to section 208.895, RSMo): \$408,500 (standard FMAP). This is reduced to \$340,417 in FY 2011 (10 months).

DSDS projects that there will be an increased cost for IT modifications of the web-based assessment tool, currently under construction. Projected costs are unknown, < \$500,000 (50 percent GR/FED) for FY 2011. As this is a fixed cost, there is no effect with or without an emergency clause.

ASSUMPTION (continued)

Annual cost of conducting up to 20,000 to 25,000 nurse assessments (as projected by Lewin) at a cost of \$172/assessment, at a 50 percent FMAP = (\$3,440,000 to \$4,300,000) (50 percent GR/FED). This is reduced to (\$2,866,667 to \$3,583,333) in FY 2011 (10 months).

Projected cost avoidance: Lewin assumes up to two percent increase in denial rates for HCBS services. Again assuming 20,000 to 25,000 assessments, this would be a denial at intake of an additional 400 to 500 participants. Based upon an average cost per participant of \$7,766 (FY 2009 average), there would be a cost avoidance of \$3,106,400 to \$3,883,000. This is reduced to \$2,588,667 to \$3,235,833 in FY 2011 (10 months).

Additionally, Lewin projects a cost avoidance of one percent of annual cost per participant. Based upon FY 2009 total clients touched of 56,717 and an average cost avoidance of \$77.66, cost avoidance due to decreased cost per client: \$4,404,642. This is reduced to \$3,670,535 in FY 2011 (10 months).

DSDS assumes that the language added to Section 208.895 will not a significant adverse impact on these cost avoidance estimates.

Total Net Effect:

FY 2011:	GR:	\$360,925 - \$1,204,589
	FED:	\$2,155,361 - \$3,175,259
	TOTAL:	\$2,516,286 - \$4,380,118
FY 2012:	GR:	\$733,109 - \$1,445,830
	FED:	\$2,886,433 - \$3,810,312
	TOTAL:	\$3,619,542 - \$5,256,142
FY 2013:	GR:	\$733,109 - \$8,271,767
	FED:	\$2,886,433 - \$15,734,375
	TOTAL:	\$3,619,542 - \$24,006,142

Officials from the **Department of Social Services-MO HealthNet Division (MHD)** state the following:

Section 198.016: Currently Nursing Facility residents are being assessed by a point system it is unknown the number of individuals that may opt to receive home and community-based services if they receive information on these services. MHD might realize a small savings but the amount is unknown.

SEC:LR:OD (12/02)

ASSUMPTION (continued)

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 208.152: Adds diabetic education and initial diabetic management training services, limited to 2 visits initial and follow up care as a covered service. Estimated cost to add this service is \$400,000 in FY11, \$414,800 in FY12 and \$430,148 FY13. A 3.7% trend was added for FY12 & FY13.

Section 208.215: 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.

Section 208.453: Will allow MHD to assess public hospitals, which are operated primarily for the care and treatment of mental disorders, under the current hospital FRA structure. These hospitals are operated by the Department of Mental Health and the proposed changes will impact DMH. The tax will increase the amount collected and deposited into the federal reimbursement allowance fund. Moneys in the FRA fund are used as a GR equivalent enabling the state to earn additional federal earnings (DMH estimated earnings of \$6.5 million).

The proposed legislation has other changes to section 208. However the funding for these services is not included in the MHD budget. It is assumed the DHSS will include the fiscal impact to these changes in their response.

Sections 199.010 - 199.260:

Officials from the **Department of Health and Senior Services** assume The costs for maintaining a facility to treat patients with active tuberculosis are unknown. All non-compliant,

ASSUMPTION (continued)

infectious TB patients must be committed to a treatment facility in order to prevent disease transmission. All homeless individuals with TB would require treatment in a facility, as they could not be treatment compliant while homeless. DHSS does not know how many tuberculosis patients we would have at any given time, however DHSS assumes costs could be significant. Last year, the DHSS had 12 TB cases that required treatment at the Missouri Rehabilitation Center. Four were homeless individuals and one patient had a Multi-Drug Resistant (MDR) strain. DHSS estimates that it would cost \$1,000 per day (based on conversations with the Missouri Rehabilitation Center) to treat and house individuals with an average length of treatment of 180 days. In addition, one case of MDR TB costs approximately \$250,000 to \$500,000 for medications and medical costs. Since DHSS cannot estimate how many TB patients will need treatment, DHSS estimates cost for General Revenue to be Unknown, greater than \$100,000.

Sections 208.027, 1:

Officials from the **Department of Mental Health (DMH)** states this legislation requires the Department of Social Services (DSS) to screen work eligible applicants/recipients of TANF benefits for the illegal use of controlled substances. As such the applicants/recipients would then be ineligible for benefits for one year. No mention of treatment for substance abuse is made. A significant cost would be incurred if DMH were to be required to treat all referred applicants/recipients. The division does not know the number of TANF clients that will test positive for drugs or the number of those that test positive that will present for treatment. Treatment costs per person (based on FY' 09 data) treated in a Primary Recovery program is \$1,081. Treatment costs per person treated in a CSTAR program is \$3,194 total (\$1,144 General Revenue and \$2,050 Federal). To treat an additional 100 persons will cost between \$108,100 and \$114,400 of General Revenue funds. The DMH estimates the General Revenue fiscal impact as unknown to greater than \$100,000.

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

Officials from the **Office of the Attorney General (AGO)** responds section 208.027 authorizes DSS to promulgate rules and adopt policies regarding drug testing for TANF recipients and applicants, section 660.023 grants additional rulemaking authority to DHSS, and Section 2 grants DSS rulemaking authority regarding the CHIPs program. AGO assumes that it would provide legal counsel and would need 1 AAG I to meet the requirements of this section.

ASSUMPTION (continued)

Officials from the **Department of Social Services-Human Resources** states DSS already covers mandated reporting situations (child/elderly abuse and suspected abuse or neglect of a "vulnerable person" under the custody, care or control of the Department of Mental Health) in our Work Rules Policy (2-115). Should this legislation be enacted, DSS would revise this policy to include its provisions. No fiscal impact is anticipated regarding the implementation and enforcement of the policy.

Officials from the **Department of Social Services-Division of Legal Services (DSS/DLS)** states that currently there are approximately 43,715 families consisting of approximately 112,602 individuals receiving Temporary Assistance benefits. Additionally, there are approximately 6,240 applications per month (this number does not reflect how many are new applications and how many are reapplications).

This legislation targets applicants or recipients "who are eligible for employment". The statistics referenced above do not reflect this additional criteria. Regarding the controlled substance drug testing; assuming that 10% of this number is adversely impacted over 4,370 people will be subject to testing with regard to recipients and approximately 620 per month with regard to applicants). This figure is based on the number of families receiving benefits as opposed to the number of individuals as the legislation applies to work-eligible recipients or applicants. The way the proposed legislation is written the Family Support Division cannot declare an applicant or recipient ineligible until after an administrative hearing; this will likely result in a high percentage of hearings.

Assuming 40% of the individuals subject to testing object, this would result in a minimum of approximately 1,700 additional hearings annually (based on recipients alone). Regarding applicants, there is the potential for an additional 248 hearings per month. With current staff levels this increase could not be absorbed. Additional staff (five hearing officers and two support staff) would have to be hired so additional space would have to be provided. This is based on the assumption that the hearing officers hold approximately 900 hearings per year. These numbers could be lower depending on how the provision requiring that the applicant or recipient be eligible for employment is interpreted.

Officials from the **Department of Social Services-Family Support Division (FSD)** assume the FSD would be responsible for drug screening all work-eligible applicants and recipients for TANF benefits, and test those that were determined to engage in illegal use of a controlled substance based on the screening. The FSD would also test applicants and recipients when there is reasonable cause that they are engaging in illegal use of a controlled substance as a result of information obtained by means other than a screening. The FSD expects to procure a private

ASSUMPTION (continued)

vendor to administer its drug testing program. At a minimum, the contractor would provide the following services: collection of samples, testing, transmitting results, program evaluation, and retention of urine samples.

The FSD has no way to determine how many of those screened will be tested and of those tested, will test positive and complete a drug treatment program. It is also difficult to calculate how many applicants and recipients would be tested as a result of information obtained by means other than a screening.

Therefore, the Division is providing a range of unknown up to the maximum.

In September 2009, there were 38,012 adult recipients of TANF benefits. 7,716 are exempt from work participation. 30,296 adults are considered work-eligible and would be required to submit to a drug test. ($38,012 - 7,716 = 30,296$). Of the 7,716 who are exempt, 2,501 are temporarily disabled, 4,557 have a child under age one, 119 are excluded because of domestic violence, 27 are over age 60, and 512 are two parent families that meet a work exemption.

Based on information provided by the Department of Corrections and Office of Administration, the average cost to drug test a TANF recipient would be \$55.

The yearly cost for FSD to test all work-eligible recipients is \$1,666,280 ($30,296 \times \$55 = \$1,666,280$).

The FSD is also responsible for testing all work-eligible applicants. The FSD received an average of 6,459 applications from July 2009 through September 2009. 24% of the applications are estimated to be exempt from work participation. 76% of the applications are estimated to have a work-eligible individual. ($6,459 \times 76\% = 4,909$).

The average monthly cost for FSD to test all work-eligible applicants is: \$269,995 ($4,909 \times \$55 = \$269,995$).

The average yearly cost for FSD to test all work-eligible applicants is: \$3,239,940 ($\$269,995 \times 12 = \$3,239,940$).

There would be FAMIS programming costs of \$24,000.

Existing FSD staff would be able to manage the increase in job duty as a result of this legislation.

ASSUMPTION (continued)

Since the legislation mentions two dates: By July 1, 2011, the Department shall promulgate rules to develop the screening and testing provisions; and by September 30, 2010, the Department will be required to report anyone suspected of illegal use of a controlled substance. For this fiscal note, the Department is assuming a start date for drug testing the earlier of the two dates. However, if the intent is for drug testing not to start until July 1, 2011, then the fiscal impact would not start until FY2012.

Oversight assumes a savings might be realized based on discussions with DSS. The average TANF grant is \$292 for a family of three (a parent and two children). If the parent tested positive and was declared ineligible for TANF benefits the grant would decrease to \$234 and a \$58 savings would be realized. Based on the 7.99% statistic used by the DMH in 2010, resulting in 2,421 parents (30,296 work-eligible recipients X 7.99%), Oversight believes the DSS could have a saving of \$0 to \$1,685,016 (\$58 X 2,421 X 12). Oversight believes any reduction in the savings from suspended recipients coming back onto TANF benefits will be offset by new recipients being ineligible. Based on the 7.99% statistic used by the DMH in 2010, resulting in 392 parents (4,909 work-eligible applicants X 7.99%), Oversight believes the DSS could have a cost avoidance of \$0 to \$272,832 (\$58 X 392 X 12).

Section 2:

Officials from the **Department of Social Services** assume an unknown cost for CHIPRA Federal Bonus.

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

Savings - Department of Social Services

Reduced TANF Payments Sections 208.027, 1	\$0 to \$1,685,016	\$0 to \$1,685,016	\$0 to \$1,685,016
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Cost Avoidance - Department of Social Services

Applicants Not Approved Sections 208.027, 1	\$0 to 272,832	\$0 to 272,832	\$0 to 272,832
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<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Savings - Department of Social Services</u> Section 198.016	Unknown	Unknown	Unknown
<u>Savings - Department of Social Services</u> Program Savings Sections 208.010.10 & 208.152	\$7,972,695	\$8,116,677	\$8,416,994
<u>Costs Avoidance - Department of Health</u> and Senior Services Section 208.895	\$360,925 to \$1,204,589	\$733,109 to \$1,445,830	\$733,109 to \$8,271,767
<u>Cost Avoidance - Department of Health</u> and Senior Services Sections 208.909, 208.918, 660.023 Program Savings	\$0	\$0	\$0 to \$6,825,937
<u>Costs - Department of Mental Health</u> Program Cost Sections 208.027, 1	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)
<u>Costs - Office of the Attorney General</u> Sections 208.027, 1 Personal Services	(\$36,479)	(\$45,088)	(\$46,441)
Fringe Benefits	(\$19,130)	(\$23,644)	(\$24,354)
Equipment and Expense	<u>(\$17,776)</u>	<u>(\$20,318)</u>	<u>(\$20,926)</u>
<u>Total Costs - AGO</u>	<u>(\$73,385)</u>	<u>(\$89,050)</u>	<u>(\$91,721)</u>
FTE Change - AGO	1 FTE	1 FTE	1 FTE
<u>Costs - Department of Social Services</u> Sections 208.027, 1 Personal Service-DLS	(\$115,222)	(\$142,471)	(\$146,745)
Fringe Benefits-DLS	(\$60,422)	(\$74,712)	(\$76,953)
Equipment and Expense-DLS	<u>(\$40,782)</u>	<u>(\$28,737)</u>	<u>(\$29,599)</u>
<u>Total Costs - DSS-DLS</u>	<u>(\$216,426)</u>	<u>(\$245,920)</u>	<u>(\$253,297)</u>
FTE Change - DSS-DLS	3.92 FTE	3.92 FTE	3.92 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Costs - Department of Social Services</u>			
Sections 208.027, 1			
FSD Drug Testing for Applicants	(\$2,698,870)	(\$3,337,138)	(\$3,437,252)
FSD Drug Testing for Recipients	(\$1,388,011)	(\$1,716,268)	(\$1,767,756)
FSD FAMIS Programming Costs	<u>(\$24,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs - DSS-FSD</u>	<u>(\$4,110,881)</u>	<u>(\$5,053,406)</u>	<u>(\$5,205,008)</u>
<u>Costs - Office of the Attorney General</u>			
Litigation costs Section 105.711	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<u>Transfers out - to State Legal Expense</u>			
Fund Section 105.711	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<u>Costs - Department of Health and Senior</u>			
Services Sections 199.010 - 199.260	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)
<u>Costs - Department of Mental Health</u>			
Program Costs Section 208.010.10	(Unknown Less than \$100,000)	(Unknown Less than \$100,000)	(Unknown Less than \$100,000)
<u>Costs - Department of Social Services-</u>			
Diabetic Section 208.152.1(7)	(\$145,620)	(\$151,008)	(\$156,595)
<u>Costs - Department of Social Services</u>			
Section 2	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$3,287,308 to</u> <u>\$6,088,820</u>	<u>\$2,810,402 to</u> <u>\$5,480,971</u>	<u>\$2,943,482 to</u> <u>\$19,265,925</u>
Estimated Net FTE Change for General Revenue Fund	4.92 FTE	4.92 FTE	4.92 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
STATE LEGAL EXPENSE FUND			
<u>Transfers in</u> – from General Revenue Fund Section 105.711	More than \$100,000	More than \$100,000	More than \$100,000
<u>Costs</u> – Office of Administration Increased liability Section 105.711	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
ESTIMATED NET EFFECT ON STATE LEGAL EXPENSE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
MANAGED CARE FUND			
<u>Income</u> - Department of Insurance, Financial Institutions and Professional Registration Sections 148.340 - 148.380	\$24,174,637	\$24,174,637	\$0
<u>Costs</u> - Department of Social Services Section 148.340-148.380	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON MANAGED CARE FUND	<u>Unknown but Less than \$24,174,637</u>	<u>Unknown but Less than \$24,174,637</u>	<u>\$0</u>
THIRD PARTY LIABILITY FUND			
<u>Savings</u> - Department of Social Services Program Savings Section 208.215	<u>Unknown but Greater than \$367,100</u>	<u>Unknown but Greater than \$367,100</u>	<u>Unknown but Greater than \$367,100</u>
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>

FISCAL IMPACT - State Government
 (continued)

FEDERAL FUNDS

Income - Department of Mental Health
 Sections 208.027, 1

Federal Assistance	Unknown but Greater than \$100,000	Unknown but Greater than \$100,000	Unknown but Greater than \$100,000
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Income - Department of Social Services-
 DLS Section 208.027, 1

Federal Assistance	\$170,049	\$193,222	\$199,019
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Savings - Department of Social Services
 Section 198.016

	Unknown	Unknown	Unknown
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Savings - Department of Social Services
 Program Savings Section 208.010.10
 & 208.152

	\$13,927,305	\$14,178,823	\$14,703,439
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Income - Department of Social Services-
 Federal Reimbursement-Diabetic
 Section 208.152.1(7)

	\$254,380	\$263,792	\$273,553
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Savings- Department of Social Services
 Program Savings Section 208.215

	Unknown but Greater than \$632,900	Unknown but Greater than \$632,900	Unknown but Greater than \$632,900
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Income - Department of Mental Health
 Federal Revenues Section 208.453

	\$6,500,000	\$6,500,000	\$6,500,000
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Costs Avoidance - Department of Health
 and Senior Services Section 208.895

	\$2,155,361 to \$3,175,259	\$2,886,433 to \$3,810,312	\$2,886,433 to \$15,734,375
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Savings - Department of Health and
 Senior Services Sections 208.909,
 208.918, 660.023

	\$0	\$0	\$0 to \$11,924,063
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<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Savings - Department of Social Services</u> Section 2	Unknown	Unknown	Unknown
<u>Costs - Department of Mental Health</u> Sections 208.027, 1	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)
<u>Costs - Department of Social Services-</u> DLS Sections 208.027, 1			
Personal Service	(\$90,531)	(\$111,941)	(\$115,300)
Fringe Benefits	(\$47,475)	(\$58,702)	(\$60,463)
Equipment and Expense	(\$32,043)	(\$22,579)	(\$23,256)
<u>Total Costs - DSS-DLS</u>	<u>(\$170,049)</u>	<u>(\$193,222)</u>	<u>(\$199,019)</u>
FTE Change - DSS-DLS	3.08 FTE	3.08 FTE	3.08 FTE
<u>Costs - Department of Social Services</u> Reimburse Federal Assistance Section 198.016	(Unknown)	(Unknown)	(Unknown)
<u>Costs - Department of Social Services</u> Reimburse Federal Assistance Section 208.010.10 & 208.152	(\$13,927,305)	(\$14,178,823)	(\$14,703,439)
<u>Costs - Department of Social Services-</u> Diabetic Section 208.152.1(7)	(\$254,380)	(\$263,792)	(\$273,553)
<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)
<u>Costs - Department of Health and Senior</u> Services Reimburse Federal Assistance Section 208.895	(\$2,155,361 to \$3,175,259)	(\$2,886,433 to \$3,810,312)	(\$2,886,433 to \$15,734,375)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>Costs - Department of Health and Senior Services Sections 208.909, 208.918, 660.023</u>	\$0	\$0	(\$0 to \$11,924,063)
<u>Costs - Department of Social Services Section 2</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$6,500,000</u>	<u>\$6,500,000</u>	<u>\$6,500,000</u>
Estimated Net FTE Change for Federal Fund	3.08 FTE	3.08 FTE	3.08 FTE

<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

Sections 105.012, 208.027, 1:

Most of the drugs testing facilities in the major metropolitan areas are small businesses and this legislation could have a significant positive impact on the number of drug tests each of those businesses would complete.

If the testing facilities were part of the state government, there would be no impact on small businesses.

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

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

FISCAL DESCRIPTION

Section 105.012:

All state elected officials (167 Representatives, 34 Senators, Governor, Lieutenant Governor, Attorney General, Secretary of State, Treasurer, State Auditor, total of 207) are to be tested for the illegal use of a controlled substance. Officials who test positive are required to participate in a drug treatment program. Officials who refuse to be tested or test positive and fail to participate in a treatment program are subject to any sanction authorized by law or rule of respective house of the general Assembly.

Section 105.711:

The proposed legislation adds a specialist, a licensed health care professional under the direction of a licensed physician or dentist, a 501(c)(3) tax-exempt charitable health care referral network, and the professional corporation of a physician organized under Chapter 356, RSMo, to the list of health care providers for whom the State Legal Expense Fund is available for the payment of certain claims filed against a provider.

Sections 148.340 - 172.850:

Health Maintenance Organization Tax.

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

This legislation adds diabetic education and initial diabetic management training services, limited to 2 visits initial and follow up care as a covered service. Section 208.152

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

FISCAL DESCRIPTION (continued)

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

Sections 199.010 - 199.260:

Replace "Curators of the University of Missouri" to "Department of Health and Senior Services" for some brain injury treatment.

FISCAL DESCRIPTION (continued)

Sections 208.027, 1:

This legislation requires the Department of Social Services to develop a program to screen and test work-eligible applicants for or work-eligible recipients of the Temporary Assistance for Needy Families (TANF) Program benefits who the Department has reasonable cause to believe, based on the screening, engage in the illegal use of controlled substances. Applicants or recipients who test positive for the use of a controlled substance which has not been prescribed by a licensed health care provider will, after an administrative hearing by the Department be declared ineligible for TANF benefits for one year beginning on the date of the administrative hearing decision and will be referred to an appropriate substance abuse treatment program approved by the Division of Alcohol and Drug Abuse within the Department of Mental Health. Any member of a household which includes a person who has been declared ineligible for TANF benefits, if otherwise eligible, will continue to receive protective or vendor payments through a third-party payee.

Section 208.215:

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 208.453:

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.

FISCAL DESCRIPTION (continued)

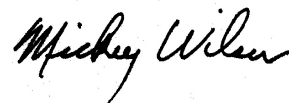
Section 2:

Children's Health Insurance Program Reauthorization Act.

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
Missouri House of Representatives
Missouri Senate
Office of the Lieutenant Governor
Department of Labor and Industrial Relations
Office of the Attorney General
Office of Administration



Mickey Wilson, CPA

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