

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1889-01
Bill No.: SB 413
Subject: Medicaid; Social Services Department; Public Health
Type: Original
Date: March 22, 2013

Bill Summary: This proposal adds comprehensive day services rehabilitation as a covered service under MO HealthNet.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$189,761)	(\$221,009)	(\$229,628)
Total Estimated Net Effect on General Revenue Fund	(\$189,761)	(\$221,009)	(\$229,628)

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

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

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state this legislation expands the Comprehensive Day Rehabilitation program to all adult participants. The services must be based on an individualized, goal-oriented, comprehensive and coordinated treatment plan. The MHD shall establish the definition and criteria for designation of a comprehensive day rehabilitation service facility, the benefit limitations and the payment mechanism utilizing the expertise of brain injury rehabilitation service providers and the Missouri Head Injury Advisory Council. The services must be provided in a community based facility and be authorized on tier levels based on the services the patient requires and the frequency of the services as guided by a qualified rehabilitation professional associated with a health care home.

In FY 10 there was one individual under the age of 21 with claims filed under this program and that individual had no Comprehensive Day Rehabilitation claims in FY 11. Therefore, to project costs if this program was expanded, the number of participants using the program in FY 05 (when the program was available to all adults) and their costs were obtained. There were 89 adults in a category of assistance other than a category that is currently eligible for the program (under age 21, blind individuals, pregnant women or nursing home residents) who received services through the Comprehensive Day Rehabilitation program. The fee-for-service cost of their services in FY 05 was \$526,728. It is assumed that about the same number of individuals would use the program if it were expanded. The rates for this program have not changed since 2005, so no inflation was applied to the costs from FY 05 to FY 13. A 3.9% inflation factor was applied to FY 14 through FY 16.

The annual cost to the fee-for-service program will be \$547,270.

In addition, the MHD contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The MHD assumes this legislation will apply to the managed care health plans. The total annual amount deducted from payments to the managed care health plans in FY 06 (the first year reductions were implemented) due to the reduction of eligibility for this service was \$10,125. Therefore, this figure was used as a base to estimate the cost to add this service back into the services offered to all adults. No inflation was added from FY 05 to FY 13. A 3.9% inflation factor was added to FY 14 through FY 16.

The annual cost to the managed care program will be a program cost of \$10,520 and an estimated actuarial cost to further evaluate this program change, which would be no more than \$25,000 (50% GR; 50% Federal).

HWC:LR:OD

ASSUMPTION (continued)

The annual cost to MHD in the first full year will be \$582,790 (\$547,270 + \$10,520 + \$25,000). To calculate the FY 14 cost, it is assumed that there would be 10 months of the program cost \$557,790 (\$547,270 + \$10,520) and the full \$25,000 actuarial cost. The cost for FY 14 will be \$489,825 [$(\$557,790/12 \times 10 = \$464,825) + \$25,000$].

FY 14 (10 months): Total \$489,825 (GR \$189,761; Federal \$300,064)
FY 15 (12 months): Total \$579,544 (GR \$221,009; Federal \$358,535)
FY 16 (12 months): Total \$602,146 (GR \$229,628; Federal \$372,518).

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain within its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Mental Health (DMH)** state individuals with brain injuries are not in the target population of those served by the DMH. Comprehensive day rehabilitation services are provided through the Department of Health and Senior Services. Therefore, the DMH assumes the fiscal impact of this proposal would be minimal.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - DSS-MHD</u>			
Comprehensive day rehabilitation cost	<u>(\$189,761)</u>	<u>(\$221,009)</u>	<u>(\$229,628)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$189,761)</u>	<u>(\$221,009)</u>	<u>(\$229,628)</u>
FEDERAL FUNDS			
<u>Income - DSS-MHD</u>			
Program reimbursements	\$300,064	\$358,535	\$372,518
<u>Costs - DSS-MHD</u>			
Program expenditures	<u>(\$300,064)</u>	<u>(\$358,535)</u>	<u>(\$372,518)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

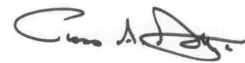
This proposal adds as a covered service under the MO HealthNet program comprehensive day rehabilitation services.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

HWC:LR:OD

SOURCES OF INFORMATION

Joint Committee on Administrative Rules
Department of Mental Health
Department of Health and Senior Services
Department of Social Services -
 MO HealthNet Division
Office of Secretary of State



Ross Strope
Acting Director
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