

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0772-02
Bill No.: HB 661
Subject: Appropriations; Corrections Department; Hospitals; Medicaid
Type: Original
Date: March 15, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	More than \$100,000	More than \$100,000	More than \$100,000
Total Estimated Net Effect on General Revenue Fund	More than \$100,000	More than \$100,000	More than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DOS)** assume this proposal prohibits any licensed hospital participating in the Medicaid program from refusing to contract with or provide services to the Department of Corrections (DOC) or its affiliates who provide medical services to individuals incarcerated in a Missouri correctional setting. The DOC shall reimburse at least one hundred percent of the state medicaid reimbursement rate for any given procedure. The DOS states the DOC is responsible for the reimbursement of the medical services for the incarcerated individuals. DOS states if an individual is incarcerated, Medicaid eligibility is terminate. Therefore, the DOS assumes this proposal does not have a fiscal impact tot he DOS.

Officials from the **Office of Attorney General (AGO)** assume that this proposal would create a fiscal impact. The AGO states they would be required to seek injunctions against hospitals that are not in compliance with the new provisions. AGO assumes that it would need one-half FTE Assistant Attorney General I to assist in the litigation generated by this proposal.

Oversight assumes the AGO can absorb a one-half FTE.

Officials from the **Department of Corrections (DOC)** state this proposal would prohibit hospitals from refusing to serve offenders currently incarcerated by the Department of

ASSUMPTION (continued)

Corrections. The DOC currently contracts with a private provider for inmate healthcare services and pays that provider a flat per diem rate per offender per day for healthcare services, that provider is then responsible for all costs related to incarcerated offenders healthcare including hospital costs. So any savings generated by lower costs would be to the contractor not the Department and the state.

However, the DOC states it is responsible for transporting incarcerated offenders to hospitals for necessary care services. If the contractor were able to contract for services at hospitals that are closer to the correctional facilities in the state and the Department did not have to transport the offenders as far and the trips would not take as long, savings would be generated for the DOC.

The DOC does believe there would be savings of over \$100,000 per year due to this legislation however, the DOC cannot estimate those savings until the offender healthcare provider enters into agreements with local hospitals. At that point, the Department can determine the savings in out-count costs.

Officials from **Bates County Memorial Hospital, Barton County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital did not respond to our fiscal note request.** Oversight assumes a local hospital which may be near a correctional facilities could see a fiscal impact. Overall, fiscal impact would be minimal.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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GENERAL REVENUE

<u>Costs - Department of Corrections</u>			
Program Costs	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>	<u>More than</u> <u>\$100,000</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>MORE THAN</u> <u>\$100,000</u>	<u>MORE THAN</u> <u>\$100,000</u>	<u>MORE THAN</u> <u>\$100,000</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal requires any hospital which receives funding from the Medicaid Program to provide services to the Department of Corrections or any contractor which provides medical services within a correctional setting. Beginning September 1, 2005, the department or its contracted medical provider will be required to pay a hospital 100% of the Medicaid reimbursement rate for medical services provided to an inmate outside a correctional facility.

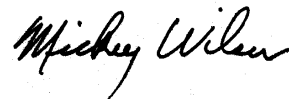
The Attorney General is authorized to seek injunctive relief against any hospital that does not comply with the provisions of the proposal.

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

SOURCES OF INFORMATION

Department of Corrections
Department of Social Services
Office of Attorney General

NOT RESPONDING: Bates County Memorial Hospital, Barton County Memorial Hospital, Cedar County Memorial Hospital, Cooper County Hospital, Excelsior Springs Medical Center, Putnam County Memorial Hospital, and Washington County Memorial Hospital



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Director
March 15, 2005