

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5526-02
Bill No.: SCS for HB 1936
Subject: Health Department; Boards and Commissions; Health Care; Health, Public
Type: Original
Date: April 28, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$0	(Unknown - Greater than \$499,105)	(Unknown - Greater than \$202,066)
Total Estimated Net Effect on General Revenue Fund	\$0	(Unknown - Greater than \$499,105)	(Unknown - Greater than \$202,066)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Blindness Education, Screening and Treatment Program	\$0	(Up to \$99,000)	(Up to \$99,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(Up to \$99,000)	(Up to \$99,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

***Offsetting Costs and Reimbursement are Unknown to \$803,360 in FY 2008 and Unknown to \$325,247 in FY 2009**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Economic Development - Division of Professional Registration** reviewed the proposed legislation and are of the opinion that this proposal, in its present form, has no fiscal impact on their division.

Officials from the **Office of the Secretary of State (SOS)** assume 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 proposal for Administrative Rules is less than \$1,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional

ASSUMPTION (continued)

required funding would be handled through the budget process.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** assume that beginning July 1, 2007, every child enrolling in kindergarten or first grade in a public school shall receive one comprehensive vision examination performed by a state licensed optometrist or ophthalmologist. Missouri Medicaid currently covers vision screenings, exams and services performed by an optometrist or ophthalmologist for children.

As of October 2005, there were 89,067 Missouri Medicaid eligibles ages five, six, and seven. Of this total, 34,758 were Fee-For-Service (FFS) Medicaid eligibles and 54,309 were MC+ Medicaid eligibles. For the FFS Medicaid eligibles, Missouri Medicaid currently reimburses for 5,671 eye examinations at an average cost of \$42.85. If a comprehensive vision examination is mandated, there would be 29,087 (34,758-5,671) FFS Medicaid eligibles required to receive an exam. For state fiscal year (SFY) 2008, the DMS estimates the fiscal impact for the FFS Medicaid eligibles to be \$1,302,465 (29,087 X \$42.85 X 4.5%). The increase of 4.5% is for inflation.

As of October 2005, there were 31,533 Missouri Medicaid eligibles at the age of four. Of this total, 12,345 were Fee-For-Service (FFS) Medicaid eligibles and 19,188 were MC+ Medicaid eligibles. For the FFS Medicaid eligibles, Missouri Medicaid currently reimburses for 1,076 eye examinations. If a comprehensive vision examination is mandated, there would be 11,269 (12,345-1,076) FFS Medicaid eligibles required to receive an exam. For SFY 2009, the DMS estimates the fiscal impact for the FFS Medicaid eligibles to be \$527,313 ((11,269 X \$42.85 X 4.5%) X 4.5%). The inflation increase of 4.5% is applied to year one and year two costs.

For the MC+ Medicaid eligibles, the DMS contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The managed care health plans are reimbursed by a monthly capitated rate. The DMS is unable to determine the number of MC+ Medicaid eligibles who have received an eye exam. However, the increased utilization of a currently covered benefit would result in additional costs to the managed care health plans. Therefore, the fiscal impact to the DMS, for the increase in the managed care capitated rates due to the increased utilization and for the cost of the actuarial consultant for DMS to renegotiate the current contracts with the managed care health plans, would be unknown greater than \$100,000 for the MC+ Medicaid eligibles.

Officials from DMS state that if an optometrist or an ophthalmologist were to provide a service on a free cost basis, the provider would not be able to bill Medicaid for these services. Section 1902(a)(17)(B) of the Social Security Act prohibits payment for services to a recipient for which

ASSUMPTION (continued)

the recipient bears no liability to pay. However, services provided by an optometrist or an ophthalmologist on a reduced cost basis would still be covered by Medicaid.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that, based on the enrollment information from the 2003-2004 Report of the Public Schools of Missouri, enrollment numbers are:

Kindergartners 66,484
1st graders 65,662
TOTAL 132,146

According to personnel at the Division of Medical Services, the number of Medicaid eligible five and six year olds was 60,406 as of October 2005. Therefore, the potential number of children covered under this program decreases to 71,740 (i.e. $132,146 - 60,406 = 71,740$).

In addition, an average of 9.7% of Missourians under age 19 were uninsured during the years 2002 through 2004. Applying this percentage to our potential number of children yields a significant decrease in potential children covered under this program and brings the total to 6,958.

6,958 children x \$60 exam = \$417,480.

DESE is to work in conjunction with DOH to compile and maintain a list of sources to which children who may need vision exams or children who have been found to need further exams or correction may be referred for treatment on a free or reduced-cost basis. In addition, DESE must ensure the superintendent of schools, the principle of each elementary school, the school nurse or other person responsible for school health services, and the parent organization for each district elementary school receives an updated copy of the list each year prior to school opening. DESE assumes these requirements will result in administrative costs but do not expect them to be significant.

Officials from the **Department of Health and Senior Services (DOH)** state that funds from the Blindness Education, Screening and Treatment Program Fund (BEST) may not be available for the purpose of 192.935 (4). BEST has seen a steady decline in donations. For the calendar year 2001, the total fund income for the DOHS was \$233,196. For calendar year 2004, the total fund income for the DOH was only \$94,673, a 41% decline in donations from 2001. The calendar 2004 income is less than the maximum amount allowable by the legislation to be paid out for services.

LD:LR:OD (12/02)

ASSUMPTION (continued)

The legislation states "subject to appropriation". The cost to DOH for this legislation would be dependent on how the limited funds are allocated. If it is determined that the BEST funds would be used for this purpose, fewer funds would be available to cover preventive services for those at higher risk for blindness found in adults. If it is determined that the funds would not be used for screenings of kindergarten or first grade students, there would be no impact to DOH.

If individual claims for reimbursement of eye exams were required, there would be additional administrative costs to process potentially more than 2,300 claims (\$99,000/\$43-\$43 is the Medicaid reimbursement rate for this type of screening). The equivalent of at least one FTE (Health Program Representative I/II level) would be needed to determine eligibility and to process reimbursement payments. The person would create policies and procedures, determine eligibility requirements, make eligibility determinations on each individual and set up provider agreements (contracts) for each participating eye care provider statewide. The person would do quality control and monitor the program.

Standard expense and equipment is used. Additional funds are needed for printing of eligibility and payment forms, as well as, funds for mailing of forms. DHSS would assume 5,000 forms printed and mailed at \$.1 printing and \$.39 mailing for a total of \$2,450.

Oversight assumes the proposed legislation does not require additional duties of DOH other than assisting DESE with the compilation of a list of sources for treatment on a free or reduced cost basis. If other duties result from this proposal, resources could be requested through the appropriation process. **Oversight** also assumes other sources will be available to provide eye exams to groups at no cost which would decrease the amount needed from the Blindness Education, Screening and Treatment Program Fund.

Officials from the DOH state section 197.291 references the Technical Advisory Committee. DOH states SB 788, passed during the 2000 legislative session established the Technical Advisory Committee. At that time, DOH prepared a fiscal note response (3148-11) to the TAFP bill stating that a Health Facilities Nursing Consultant, Health Program Representative III, and a Clerk Typist III were needed to support the committee's activities. A decision item for these staff and E&E costs was submitted in the DOH's FY2002 budget request. The decision item was not funded.

DOH states since the committee was established, DOH has supported the committee with existing staff. Providing this support has taken away from the employees' other duties and has become progressively more difficult due to increased workloads. This includes time spent at meetings by professional staff and support activities such as arranging meetings, taking and

ASSUMPTION (continued)

transcribing minutes, disseminating information, etc. Significant professional staff effort has gone into assisting with drafting of rule language, filing of rules, etc. Since the decision item was not funded, the committee members have not been paid for their meeting-related expenses.

If the committee continues, DOH would request funding for a Health Program Representative III and a Senior Office Support Assistant position to assume the duties identified above and standard expenses related to these positions, as well as funds to reimburse members for meeting-related expenses.

Meeting expenses were calculated as follows:

9 members X 8 meetings per year X \$75 expenses per meeting (meals and mileage – see below)
 = \$5,400 annually

Mileage: estimating 150 miles round-trip X \$.415 (FY07 mileage rate) = \$62.25

Meals: lunch only at in-state rate of \$12

Total: Rounded to \$75 per meeting

DOH estimates total costs would be \$110,923 in FY 07, \$120,997 in FY 08, and \$123,990 in FY 09.

Oversight assumes this proposed legislation extends an existing provision by removing or changing the expiration date. Oversight assumes removing or changing the expiration date will extend any current fiscal impact associated with the existing provision. Therefore, Oversight has reflected no fiscal impact in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
GENERAL REVENUE			
<u>Cost - Dept of Social Services - Medicaid Eye Exam Reimbursements</u>	\$0	(Unknown - Greater than \$499,105)	(Unknown - Greater than \$202,066)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	<u>(Unknown - Greater than \$499,105)</u>	<u>(Unknown - Greater than \$202,066)</u>

FISCAL IMPACT - Small Business

There could be increased revenues for eye care specialists and visions services businesses for performing additional vision exams.

DESCRIPTION

Under the provisions of this proposed legislation, beginning July 1, 2007, every child enrolling in kindergarten or first grade shall receive one comprehensive vision examination performed by a state licensed optometrist, ophthalmologist, physician, or doctor of osteopathy. The State Board of Education, in conjunction with the Department of Health and Senior Services, shall promulgate rules regarding the requirements of this proposal.

The proposal requires the Department of Elementary and Secondary Education and the Department of Health and Senior Services to compile and maintain a list of sources to which children who may need vision examinations or children who have been found to need further examination or vision correction may be referred for treatment on a free or reduced cost basis. A child may be excused from taking a vision examination based on religious beliefs by submitting a written request to the appropriate school administrator.

Further, the proposal alters the statutorily-allowed uses for the "Blindness Education, Screening and Treatment Program Fund". Under this proposal the fund shall cover additional costs for vision examinations under Section 167.195, RSMo, that are not covered by existing public health insurance. Subject to appropriations, moneys from the fund shall be used to pay for those additional costs, provided that the costs from the fund not exceed ninety-nine thousand dollars a year. Payment from the fund for vision examinations shall not exceed the allowable state Medicaid reimbursement amount for vision examinations.

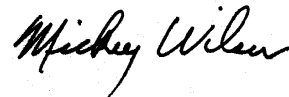
This proposed legislation is subject to the provisions of Section 23.253, RSMo, of the Missouri Sunset Act.

This proposal extends the expiration date for the Technical Advisory Committee on the Quality of Patient Care and Nursing Practices within the Department of Health and Senior Services from December 31, 2006, to December 31, 2011.

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 Elementary and Secondary Education
Department of Health and Senior Services
Department of Social Services
 Division of Medical Services
Office of Secretary of State
 Administrative Rules Division
Department of Economic Development
 Division of Professional Registration
Office of State Treasurer



Mickey Wilson, CPA
Director
April 28, 2006