

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1162-03
Bill No.: SCS for HB 395
Subject: Health Care; Medicaid; Department of Social Services
Type: Original
Date: April 20, 2009

Bill Summary: This legislation changes the law regarding transition grants for MO HealthNet recipients transitioning back into the community from long-term institutional care.

This legislation modifies provisions on the regulation of inspectors or surveyors long-term care facilities.

This legislation requires smoke alarms to be installed in each resident room and any room designated for sleeping in a long-term care facility until such time as the required sprinkler system is installed.

This legislation requires all resident of long-term care facilities to have background checks for the purpose of identifying those residents who are sexual offenders.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 198.074 & 198.075:

In response to a similar proposal from this year (HB 707), officials from the **Office of Administration-Administrative Hearing Commission** and the **Department of Social Services** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Mental Health (DMH)** state the DMH has no facilities covered under Section 198; therefore, anticipates no fiscal impact.

In response to a similar proposal from this year (SB 89), officials from the **Department of Public Safety** assume the proposal would have no fiscal impact on their agency.

In response to a similar proposal from this year (HB 707), officials from the **Department of Public Safety - Division of Fire Safety** states the Division currently is required to inspect long-term care facilities, of which there are approximately 1,200 in the state of Missouri. The cost of installing the smoke alarms in the sleeping rooms of the residential care facilities would be assumed by the facility owner. Therefore, the Division of Fire Safety is not fiscally impacted by this change in the law.

Officials from the **Department of Health and Senior Services (DHSS)** state this legislation would delete Section 198.074.9, RSMo, which currently requires the state Fire Marshall to conduct fire safety inspections for facilities licensed under Chapter 198. As a result, the fire safety inspections would be conducted by the DHSS, DRL. In the FY 2009 Budget, 4.0 FTE with Personal Service of \$148,662 and E&E of \$28,712 were transferred to the state Fire Marshall's Office in the Department of Public Safety to conduct these inspections. Since the transfer occurred, a three percent COLA has been added to state employees' salaries, therefore the amount transferred back to DHSS would need to take this into consideration. The Department assumes transferring this responsibility back to DHSS would result in \$153,122 personal services with 4.0 FTE and \$28,712 expense and equipment to be transferred from the state Fire Marshall to DHSS. Although this is shown as a cost to DHSS for fiscal note purposes, DHSS assumes the net effect of this change statewide would be no fiscal impact. Standard inflationary costs have been applied to these costs in FY 2011 and FY 2012.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, assumed the transfer of FTE from Department of Public Safety to DHSS would net to \$0 and has not included any cost in this fiscal note.

Sections 198.187:

In response to a similar proposal from this year (HB 1012), officials from the **County of Cass, Boone County Sheriff's Department** and the **Springfield Police Department** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a similar proposal from this year (SB 89), officials from the **Department of Corrections** and the **Office of Prosecution Services** 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.

In response to a similar proposal from this year (HB 1012), officials from the **St. Joseph Police Department** state the legislation would appear to require extra costs for the Police Department.

Oversight assumes the St. Joseph Police Department could absorb the additional cost that may result from this proposal within existing resources.

ASSUMPTION (continued)

Sections 198.525:

In response to a similar proposal from this year (SB 89), officials from the **Department of Social Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health** assume the proposal would have no fiscal impact on their agency.

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

Section 208.016:

Officials from the **Department of Mental Health** assumes minimal fiscal impact because any increase in personal needs allowance decreases an individual's ability to contribute to their cost of care.

Section 208.819:

Officials from the **Department of Elementary and Secondary Education** 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.

ASSUMPTION (continued)

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)** assume the number of DMH clients transitioning from a nursing home back into the community is minimal; therefore, the fiscal impact would be negligible.

In response to a previous version of this proposal, officials from the **Department of Social Services (DSS)** assume there is no fiscal impact to the Department. Since the transition grant already exists, there is no fiscal impact to Mo HealthNet Division (MHD). The removal of the requirement that MHD assist with training will have no significant impact on MHD operations.

Officials from the **Department of Health and Senior Services (DHSS)** assume the average cost in FY08 for home and community based services through MO HealthNet was approximately \$7,306; while services through a nursing facility cost on average \$34,899/client. For the purposes of this fiscal note, the blended Federal Medical Assistance Percentage was applied to all fiscal years based on the FY 10 rate of 64.18 percent federal funds with an enhanced match of 81.5 percent rate for Home and Community-Based (HCB) costs for the first year of transition. The home and community based costs were estimated based on \$7,742 for FY10 with a three percent increase in cost for each subsequent fiscal year. Per the terms of the grant, it is estimated that twenty clients will transition out of nursing facilities into home and community based care each fiscal year. There should be an offsetting cost savings realized by the Department of Social Services in the MO HealthNet expenditures for nursing facility care.

ASSUMPTION (continued)

Year 1 (FY 10)	# Clients	X	Estimated Cost/Client	=	Total Cost	GR	FED	FMAP Rate
Transition Costs	20	X	\$2,400	=	\$48,000	\$17,194	\$30,806	64.18%
HCB Services Costs	20	X	\$7,742	=	\$154,840	\$28,645	\$126,195	81.5%
TOTAL COST					\$202,840	\$45,839	\$157,001	
Year 2 (FY 11)								
Transition Costs	20	X	\$2,400	=	\$48,000	\$17,194	\$30,806	64.18%
HCB Services Costs	20	X	\$7,970	=	\$159,400	\$29,489	\$129,911	81.5%
HCB Services - Year 1 Clients	20	X	\$7,970	=	\$159,400	\$57,097	\$102,303	64.18%
TOTAL COST					\$366,800	\$103,780	\$263,020	
Year 3 (FY 12)								
Transition Costs	20	X	\$2,400	=	\$48,000	\$17,194	\$30,806	64.18%
HCB Services Costs	20	X	\$8,129	=	\$162,580	\$30,077	\$132,503	81.5%
HCB Services - Year 1 & 2 Clients	40	X	\$8,129	=	\$325,160	\$116,472	\$208,688	64.18%
TOTAL COST					\$535,740	\$163,743	\$371,997	

Oversight assumes, based on the DSS and DHSS response and conversations with DHSS, that DHSS would not incur a fiscal impact from this proposal.

FISCAL IMPACT - State Government

FY 2010
(10 Mo.)

FY 2011

FY 2012

\$0

\$0

\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would increase the number of individuals accessing home and community-based services, increasing revenues to providers of these services. Long-term care providers would see a commensurate decrease, coinciding with these individuals leaving their facilities.

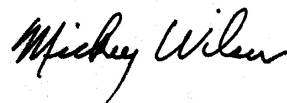
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State
Missouri State Treasurer
Office of Administration-Administrative Hearing Commission
Department of Public Safety
Department of Public Safety-Division of Fire Safety
County of Cass
Boone County Sheriff's Department
Springfield Police Department
Department of Corrections
Office of Prosecution Services
St. Joseph Police Department



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Mickey Wilson, CPA
Director
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