

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1223-02
Bill No.: HCS for HB 459
Subject: Ambulances and Ambulance Districts; Health Care; Federal-State Relations;
Department of Social Services
Type: Original
Date: February 19, 2009

Bill Summary: This legislation creates a federal reimbursement allowance for ground ambulance services.

The provisions of the legislation will expire September 30, 2015.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$24,725)	(\$30,547)	(\$31,463)
Total Estimated Net Effect on General Revenue Fund	(\$24,725)	(\$30,547)	(\$31,463)

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

* Income and costs of approximately Unknown in FY10, FY11 and FY12 would net to \$0.

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

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

* Income and costs of approximately \$24,725 in FY10, \$30,547 in FY11 and \$31,463 in FY12 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	.5 FTE	.5 FTE	.5 FTE
Federal	.5 FTE	.5 FTE	.5 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 190.800 through 190.842:

Officials from the **Department of Health and Senior Services, Office of Administration-Administrative Hearing Commission** and the **Missouri State Treasurer** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **St. Charles County Ambulance District** and the **Taney County Ambulance District** assume the proposal would cause an increase in payment for Medicaid patients as yet to be determined and for each year the payment of tax, yet to be determined cost. The fiscal impact is budget neutral between costs and revenues.

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 Revenue (DOR)** assume Corporate Tax would require one (1) Revenue Processing Technician I (Range 10, Step L) that will be needed to pre-edit and key the returns reporting the gross receipts. The Department is unaware of the number of ambulance services that exist; therefore, the number of FTE corporate tax would require has been estimated.

Oversight assumes the DOR could absorb one Revenue Processing Technician FTE.

ASSUMPTION (continued)

Officials from the **Department of Social Services - Division of Legal Services** assumes that the appeals to the director will be handled by MO HealthNet Division and reflected in their fiscal note. The hearings unit holds no other Medicaid provider hearings. If the appeals were by rule or decision of the director handled by DLS, it is unknown how many cases this may involve per year.

Officials from the **Department of Social Services - Family Support Division (FSD)** state FSD currently does not determine eligibility specifically based on the submission of a completed application for medical assistance for services of an ambulance service. FSD does not anticipate any new applications as a result of this legislation. Therefore, there is no fiscal impact.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** states the legislation requires licensed ambulance services to pay a reimbursement allowance for the privilege of engaging in the business of providing services in Missouri. All amounts remitted shall be deposited in the Ambulance Service Reimbursement Allowance Fund for the purpose of providing payment to ambulance services.

Similar provider tax assessments are currently imposed on hospitals, nursing homes, pharmacies and managed care organizations. The assessment is general revenue equivalent and earns federal dollars when used to make valid Medicaid payments.

To determine the federal reimbursement allowance assessment for each ambulance service the MO HealthNet Division (MHD) will need currently unavailable data such as revenues, expenses, total utilization, and Medicaid utilization. This legislation requires ambulance services to provide a report of gross receipts to the DOR and the DOR will provide that information to the DSS. This data will allow the DSS to determine the amount of the reimbursement allowance tax due from each ambulance service.

The MHD will need 1 full time equivalent staff to administer this reimbursement allowance program. This staff will establish the annual tax, monthly amounts, perform monthly or cycle billings, reconcile receivables, handle appeals of tax amounts, and review quarterly tax adjustment requests. This staff person will also have frequent correspondence and communication with the ambulance services regarding their assessments, payments, and other inquiries.

ASSUMPTION (continued)

The MHD must obtain approval from the federal Centers for Medicare and Medicaid Services (CMS) for the proposed ambulance service federal reimbursement allowance. At a minimum, MHD must submit for CMS's review and approval a Medicaid state plan amendment for the ambulance service program. CMS will demand voluminous supporting documentation for this state plan amendment as part of its review. Approval of such an amendment is not certain.

The FTE staff needed would be hired as an Auditor I the first year and would promote to an Auditor II in the subsequent years. The costs associated with this employee include their salary, equipment and expenses. Administrative costs receive a 50% match rate.

Section 190.827

This section states that the DSS shall make payments to those ambulance services that have a valid provider agreement. The ambulance service reimbursement allowance shall not be used to supplant, and shall be in addition to general revenue payments to ambulance services.

MHD currently pays ambulance services on a fee for service basis for Title XIX participants. Capitation payments are made for Managed Care participants.

MHD assumes the intent of the legislation is to impose a provider tax on ambulance providers which would be used to provide for a rate increase for ambulance services. It is further assumed that the intent of the legislation is to require that the reimbursement allowance payment will be made in addition to the regular rate reimbursement.

Similar provider tax assessments are imposed on hospitals, nursing homes and pharmacies. The assessment is a general revenue equivalent and when used to make valid Medicaid payments, earns federal dollars.

It is not known how much revenue will be raised under this tax. As an example, if there is \$100 million in total revenue for ambulance services and the tax rate is 2% of the ambulance revenue then the tax revenue will be \$2 million. The \$2 million acts as a general revenue equivalent for ambulance payments and will draw federal matching funds of \$3,405,504 for total increase in ambulance payments of \$5,405,405. This is the amount that will be expended in additional payments to the ambulance service providers. The state share of the expenditure is the \$2.0 million collected and the federal share is \$3.4 million. Since the same amount of general revenue is expended there is no fiscal impact to the general revenue fund from this section of the legislation.

ASSUMPTION (continued)

FY10 Total cost is \$49,452 (\$24,725 GR);
 FY11 Total cost is \$61,095 (\$30,547 GR); and
 FY12 Total cost is \$62,928 (\$31,463 GR).

Oversight assumes the one FTE will be paid from the General Revenue and Federal Funds.
 Oversight assumes the rate increase would be paid from the Ambulance Service Reimbursement Allowance and Federal Funds from unknown assessment income.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
---	---------------------	---------	---------

GENERAL REVENUE FUND

<u>Costs - Department of Social Services</u>			
Personal Service	(\$14,767)	(\$20,988)	(\$21,618)
Fringe Benefits	(\$6,530)	(\$9,281)	(\$9,559)
Equipment and Expense	(\$3,428)	(\$278)	(\$286)
Total Costs - DSS	(\$24,725)	(\$30,547)	(\$31,463)
FTE Change - DSS	.5 FTE	.5 FTE	.5 FTE

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$24,725)</u>	<u>(\$30,547)</u>	<u>(\$31,463)</u>
---	--------------------------	--------------------------	--------------------------

Estimated Net FTE Change for General Revenue Fund	.5 FTE	.5 FTE	.5 FTE
---	--------	--------	--------

**AMBULANCE SERVICE
REIMBURSEMENT FUND**

<u>Income - Department of Social Services</u>	Unknown	Unknown	Unknown
<u>Costs - Department of Social Services</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

ESTIMATED NET EFFECT ON AMBULANCE SERVICE REIMBURSEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
---	-------------------	-------------------	-------------------

FEDERAL FUNDS

Income - Department of Social Services

Federal Assistance	\$24,725	\$30,547	\$31,463
--------------------	----------	----------	----------

Costs - Department of Social Services

Personal Service	(\$14,767)	(\$20,988)	(\$21,618)
------------------	------------	------------	------------

Fringe Benefits	(\$6,530)	(\$9,281)	(\$9,559)
-----------------	-----------	-----------	-----------

Equipment and Expense	(\$3,428)	(\$278)	(\$286)
-----------------------	-----------	---------	---------

<u>Total Costs - DSS</u>	<u>(\$24,725)</u>	<u>(\$30,547)</u>	<u>(\$31,463)</u>
--------------------------	-------------------	-------------------	-------------------

FTE Change - DSS	.5 FTE	.5 FTE	.5 FTE
------------------	--------	--------	--------

ESTIMATED NET EFFECT ON FEDERAL FUNDS

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
------------	------------	------------

Estimated Net FTE Change for Federal
Funds

.5 FTE	.5 FTE	.5 FTE
--------	--------	--------

FISCAL IMPACT - Local Government

FY 2010 (10 Mo.)	FY 2011	FY 2012
---------------------	---------	---------

<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

Sections 190.800 through 190.842:

The proposed legislation creates a federal reimbursement allowance for ground ambulance services. Each ambulance service, except state-owned and -operated ambulances, will be required to pay an ambulance service reimbursement allowance based on a formula established by the Department of Social Services. Each ambulance service is required to keep the records necessary to determine the amount of its reimbursement allowance and submit that information to the Department by October 1 of each year.

FISCAL DESCRIPTION (continued)

The Department director is required to annually determine and notify each ambulance service by October 1 of the amount of its reimbursement allowance due. If requested by the ambulance service, the Department is authorized to offset the federal reimbursement allowance against any MO HealthNet Program payment due to the ambulance service.

Each ambulance service reimbursement allowance determination is final, unless the ambulance service files a protest with the Department director within 30 days of receipt of the written notice. If a timely protest is filed, the director must reconsider the determination and grant a hearing within 45 days if one is requested. The director's final decision which must be made within 45 days after the hearing may be appealed to the Administrative Hearing Commission.

The Ambulance Service Reimbursement Allowance Fund is created to provide payment to ambulance services and to disburse up to 5% of the federal funds deposited into the fund each year up to \$1.5 million to the credit of the newly created Ambulance Service Quality of Care Fund, subject to appropriations. All investment earnings of the Ambulance Service Reimbursement Allowance Fund must be credited to it.

The ambulance reimbursement allowance period will be from October 1 to September 30. The Department is required to annually notify each ambulance service on September 30 of the balance due. If an ambulance service fails to pay its reimbursement allowance within 30 days of the notice, the reimbursement allowance is considered delinquent and the Department may proceed with a lien against the ambulance service's property; deny, suspend, or revoke its license; and cancel or refuse to issue or extend its MO HealthNet provider agreement.

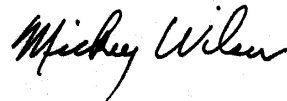
The provisions of the legislation will apply only as long as the revenues generated are eligible for federal participation under the MO HealthNet Program. The legislation requires the Department to provide copies of the proposed program rules to all interested parties 72 hours before filing them with the Secretary of State. The Department director is required to maintain a list of registered interested parties.

The provisions of the legislation will expire September 30, 2015.

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

Office of Administration-Administrative Hearing Commission
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State
Missouri State Treasurer
St. Charles County Ambulance District
Taney County Ambulance District
Department of Revenue



Mickey Wilson, CPA
Director
February 19, 2009