

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1978-02
Bill No.: HB 910
Subject: Environmental Protection; Department of Health and Senior Services; Health, Public
Type: Original
Date: April 14, 2009

Bill Summary: This legislation establishes the Missouri Healthy Heart Fund and assesses a surcharge on any entity conducting business in this state which are not smoke-free.

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Missouri Healthy Heart Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

* Income and costs of unknown will net to \$0.

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

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

Section 191.769:

Officials from the **Office of Administration-Budget and Planning, Office of the Missouri State Treasurer, Department of Revenue, Department of Economic Development, Office of Administration-Administrative Hearing Commission, St. Louis County Government, City of Kansas City, City of Centralia, Department of Public Safety, Department of Mental Health** and the **Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Department of Social Services** assume there is no fiscal impact to the Department. Money in the fund is to be administered by the Department of Health and Senior Services (DHSS) for the purpose of treating persons with myocardial infarction. It is assumed that DHSS will direct the funds to people who have no other insurance coverage, including Medicaid.

Officials from the **County of Clinton** assume there will be an enforcement cost of \$1.00 to \$10,000 and there may be some sales tax lost.

Oversight assumes the County of Clinton could absorb the \$1 to \$10,000 enforcement cost that may result from this proposal within existing resources. **Oversight** assumes, because the potential for a loss in sales tax is speculative, that the County of Clinton will not incur a significant loss related to this proposal.

Officials from the **Department of Health and Senior Services (DHSS)** assumes the proposed legislation creates a surcharge to be assessed to all entities conducting business in the state of Missouri which are not smoke-free. The surcharge is based on the entity's Missouri taxable income under Chapter 143, RSMo. All surcharges collected shall be deposited into the Missouri Healthy Heart Fund. The Department is unable to determine the number of entities that would be assessed this surcharge and therefore determine the amount of revenue to be generated to be unknown. Upon appropriation, money in the fund shall be used by the Department for the purpose of treating persons with myocardial infarction.

ASSUMPTION (continued)

The proposal does not specify that DHSS is to pay for myocardial infraction in regard to income or prior coverage under a health benefit plan. In 2006, the average charge for a heart disease hospitalization in Missouri was \$30,016. The Department knows that in an average year DHSS will spend over \$3.4 billion on heart diseases. A subset of those with heart disease will be the more than 15,000 Missourians who will annually be hospitalized with myocardial infraction. The total cost to treat these will be in excess of \$450 million, from all reimbursement sources.

DHSS would most likely use the State of Missouri's procurement process to contract with a health benefits administrator to reimburse providers or patients for treatment of a myocardial infarction. Based on previous experience, the contractor will charge an administrative fee of approximately eight percent of the total paid for treatment.

The funding available for the purpose of treating persons with myocardial infarction would be dependent on the amount of funds received from the surcharge assessed to entities conducting business in Missouri which are not smoke-free. The Department is unable to determine the number of entities that would be assessed this surcharge and therefore determine the fiscal impact to be unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
MISSOURI HEALTHY HEART FUND			
<u>Income</u> - Department of Health and Senior Services	Unknown	Unknown	Unknown
<u>Costs</u> - Department of Health and Senior Services	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT OF MISSOURI HEALTHY HEART FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<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

The proposed legislation creates a surcharge for all entities conduction business in the state of Missouri that are not smoke-free. This could be an added cost for small businesses.

FISCAL DESCRIPTION

Section 191.769:

The proposed legislation creates the Missouri Healthy Heart Fund and assesses a surcharge on all business entities that are not smoke-free in an amount equal to 0.1% of the entity's Missouri taxable income under Chapter 143, RSMo, or \$200 if the entity is exempt from state income tax. All surcharges collected will be deposited into the fund for use by the Department of Health and Senior Services for treating persons with myocardial infarction. An entity with a no smoking policy and a designated outdoor smoking area 50 feet or more from any building entrance can submit a signed affidavit to be exempt from the surcharge.

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

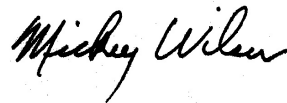
SOURCES OF INFORMATION

Office of the Attorney General
Office of Administration-Budget and Planning
Office of Administration-Administrative Hearing Commission
Department of Economic Development
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Department of Public Safety
Office of the Missouri State Treasurer
Department of Revenue
City of Centralia

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SOURCES OF INFORMATION (continued)

City of Kansas City
St. Louis County Government
County of Clinton

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent "M" and "W".

Mickey Wilson, CPA
Director
April 14, 2009