

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0419-05
Bill No.: CCS for SB 50
Subject: Children and Minors; Dentists; Elderly; Health Care; Health Care Professionals;
Health and Senior Services Department; Hospitals; Veterinarians
Type: Original
Date: May 10, 2017

Bill Summary: This proposal modifies several provisions relating to health care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
General Revenue	(\$83,798)	(\$93,979 to \$247,643)	(\$94,968 to \$250,433)	(\$1,650,889 to \$1,810,042)
Total Estimated Net Effect on General Revenue	(\$83,798)	(\$93,979 to \$247,643)	(\$94,968 to \$250,433)	(\$1,650,889 to \$1,810,042)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
MoPHS	\$0	(\$454,581)	\$16,113	\$6,584
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$454,581)	\$16,113	\$6,584

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 23 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

* Income and expenditures exceed \$3 million annually beginning in FY022.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
General Revenue	1	1	1	1
MoPHS	0	2	2	2
Total Estimated Net Effect on FTE	1	3	3	3

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2022)
Local Government	\$0 to (Unknown exceeding \$100,000)	\$0 to (Unknown exceeding \$100,000)	\$0 to (Unknown exceeding \$100,000)	Less than \$50,000 to (Unknown exceeding \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§§190.241 and 190.242 - Trauma, STEMI and stroke

Due to time constraints, the following responses from SCS SB 495 were used:

Officials from the **Department of Health and Senior Services** and the **Department of Mental Health** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** stated 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.

§191.332 - Newborn screenings

Oversight extrapolated income and costs to FY2022 since provisions for hospital licensure and hospitals being able to employ dentists result in some costs not being incurred until FY2022. Due to time constraints, the following responses from HCS HB 66 were used.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions for this proposal:

The proposed legislation would permit the DHSS to increase the newborn screening fee which would be deposited into the Missouri Public Health Services Fund (MoPHS) to cover costs associated with implementation of this bill. DHSS assumes the newborn screening fee will have to be increased by \$7.25. It is estimated the MoPHS fund will receive an additional **\$304,910** $[(80,265 \text{ newborn screens} \times \$7.25 = \$581,921) + (15,000 \text{ Medicaid screens} \times \$3 \times 62\% \text{ Federal match} = \$27,900) = \$609,821] / 2$ (effective January 1, 2019) in newborn screening fees in FY 19 and an additional **\$609,820** in screening fees in FY 20.

Oversight notes the DHSS used an estimated FMAP rate of 62% to calculate Medicaid payments received from the Department of Social Services (DSS) for newborn screenings. The actual FMAP rate used by DSS was 64.26%. Therefore, DHSS' estimated income from DSS is slightly less than the reimbursement estimated by DSS. For fiscal note purposes, Oversight will use the DSS calculated Medicaid reimbursement for newborn screenings.

Oversight notes DHSS officials provided that the MoPHS fund is reviewed each year and fees will be adjusted as necessary to cover costs.

Division of Community and Public Health (DCPH)

The incidence for Spinal Muscular Atrophy (SMA) is estimated to be one in 10,000 newborns. Based on this information, it is estimated that Missouri would have a total of 60-100 abnormal newborn screening results annually that would require follow-up with confirmatory testing to determine whether the newborn is affected with the disorder or not. There would be approximately 8 newborns each year diagnosed with SMA in Missouri, given an annual birth rate of around 78,000 in Missouri and 2,000 more screenings from bordering states. Newborns with SMA would need to be seen by a neurology specialist for confirmatory testing and diagnosis in a manner similar to what has been established for Severe Combined Immunodeficiency Disease (SCID) and immunology specialists. It is assumed that the tracking and follow-up of these cases could be coordinated by the current Public Health Senior Nurse; therefore, no additional personnel would be required for follow-up.

The incidence of Mucopolysaccharidosis Type-II/ Hunter Syndrome (MPS-II) is estimated to be one in 100,000 newborns. Based on this information, it is estimated that Missouri would have a total of 30-50 abnormal newborn screening results annually that would require follow-up with confirmatory testing to determine whether the newborn is affected with the disorder or not. There could be approximately one (1) newborn every two years diagnosed with MPS-II in

ASSUMPTION (continued)

Missouri, given an annual birth rate of around 78,000 in Missouri and 2,000 more screenings from bordering states. Based on the assumption that there would be 30-50 abnormal newborn screening results annually that would require follow-up, each of the four (4) contracted genetic tertiary centers would potentially receive approximately 12 referrals per year, or one per month. Follow-up for these newborns will typically include DNA molecular analysis, which is not consistently covered or reimbursed adequately by third party insurance, private insurance, Medicaid, Tricare, etc. Therefore, the genetic tertiary centers will incur costs associated with ordering the confirmatory tests needed to provide a diagnosis for the newborns referred with abnormal newborn screening results for MPS-II. It is estimated that the cost of DNA molecular analysis will be \$2,000 per newborn. If there are 50 newborns referred per year, the total cost would be \$100,000 or \$25,000 per center. Therefore, the genetics and newborn screening program would need to increase each of the four genetic tertiary center contracts by \$25,000 annually.

The genetics and newborn screening program would require no additional FTEs as it is assumed that the current program staff will be able to absorb any additional duties associated with screening for MPS-II.

Missouri State Public Health Laboratory (MSPHL)

The Missouri State Public Health Laboratory (MSPHL) will need to hire two additional FTEs Senior Public Health Laboratory Scientists (\$42,780 each, annually), to oversee and maintain newborn screening for SMA and Hunter syndrome. Based on the January 1, 2019 implementation date, these staff will be hired at the beginning of Fiscal Year 2019 when the method validation begins.

The duties of the two FTEs are designated to be:

Senior Public Health Laboratory Scientist – SMA

1) Responsible for the oversight, analytical testing, interpretation of results, and reporting of approximately 375 newborn screening samples per working day for the Spinal Muscular Atrophy (SMA) testing section. This involves:

- Opening daily samples received and assessing quality and suitability;
- Processing samples for the SMA testing platform;
- Comprising work lists, preparing reagents, maintaining appropriate inventory, and performing instrument operations and maintenance;
- Performing nucleic acid extractions and PCR amplification on dried blood spots to detect the presence or absence of SMA;
- Reviewing and interpreting test results, and conducting necessary re-testing of abnormal results; and,
- Assessing the risk of abnormal results and contacting appropriate genetic referral center for confirmation and follow-up testing.

ASSUMPTION (continued)

2) Responsible for continual quality assurance and quality improvement of the SMA testing section. This involves:

- Reviewing and approving daily instrument controls for accuracy;
- Monitoring quality control results for shifts and trends, and performing corrective and preventive actions;
- Overseeing instrument performance, performing maintenance, and troubleshooting;
- Conducting and overseeing regular proficiency testing to ensure accuracy and proficiency certifications;
- Training and cross-training new scientists to be proficient in the SMA section;
- Ordering testing reagents and maintaining good inventory of items necessary for continuation of operations; and,
- Compiling monthly, annual, and as-needed reports for the genetics and newborn screening program.
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Senior Public Health Laboratory Scientist – Hunter Syndrome

1) Responsible for the oversight, analytical testing, interpretation of results, and reporting of approximately 375 newborn screening samples per working day for the Mucopolysaccharidosis Type II (Hunter Syndrome) testing section. Hunter syndrome is an X-Linked (runs in boys) Lysosomal Storage Disorder (LSD) caused by defects in the iduronate 2-sulfatase (IDS) gene. The duties of this Senior Scientist will involve:

- Opening daily samples received and assessing quality and suitability;
- Processing samples for the LSD testing platforms;
- Comprising work lists, making necessary solutions, and performing instrument preparations;
- Performing the enzyme assay and detection procedures for the enzyme activity levels that are markers for Hunter syndrome.
- Reviewing and interpreting test results, and conducting necessary re-testing of abnormal results; and,
- Assessing the risk of the final abnormal results and contacting appropriate genetic referral center for confirmation and follow-up testing.

2) Responsible for continual quality assurance and quality improvement of the Hunter testing section. This involves:

- Reviewing and approving daily instrument controls for accuracy;
- Monitoring quality control results for shifts and trends, and performing corrective and preventive actions;
- Overseeing instrument performance, performing maintenance, and troubleshooting;

ASSUMPTION (continued)

- Conducting and overseeing regular proficiency testing to ensure accuracy and proficiency certifications;
- Training and cross-training new scientists to be proficient in the Hunter testing section;
- Ordering testing reagents and maintaining good inventory of items necessary for continuation of operations; and
- Compiling monthly, annual, and as-needed reports for the newborn screening manager.

All laboratory Equipment and Expense costs associated with these disorders are based upon vendor quotes for technology currently available.

Laboratory Supplies - Hunter syndrome	Quantity	Unit Cost	Total Cost
96 well microtiter plate (80/cs)	18.00	\$141.84	\$2,553
Finntip Flex 10 (20x96/refill)	64.00	\$111.69	\$7,148
Finntip 200 (20x96/refill)	1.50	\$108.73	\$163
Finntip Flex 1200 (16x96/refill)	6.00	\$142.11	\$853
Pipet basin, 50ml (100/cs)	7.00	\$60.30	\$422
IDS2-4MU Substrate	744.00	\$231.33	\$172,112
Extraction Solution	744.00	\$22.00	\$16,368
Stop Solution	744.00	\$32.00	\$23,808
4MU Dilution Set (A-H concentration)	744.00	\$48.00	\$35,712
Plate sealer	1,550.00	\$0.48	\$744
96-well plate (black)	1,550.00	\$7.00	\$10,850
Foil plate sealer	1,550.00	\$1.68	\$2,604
Quality Control Material	124.00	\$147.00	\$9,114
Laboratory Supplies - SMA			
Primers and probe for SMA test			\$20,000
Total Expense Costs			\$302,451
Laboratory Equipment			
BioMek NxP Liquid Handler	1.00	\$110,877	\$110,877
Computer for SMA lab	1.00	\$800	\$800
Total Equipment Costs			\$111,677
Equipment Maintenance			
Service agreement for second BioMek (The MSPHL estimates the cost of the maintenance agreement to be 20 percent of the cost to purchase the BioMek equipment.)			\$22,175

ASSUMPTION (continued)

Oversight assumes DHSS would not need additional rental space for two (2) new FTE for this single proposal. However, Oversight notes, depending on the number of proposals passed during the legislative session, that accumulatively, DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

DHSS officials provided the response for the **Office of Administration (OA), Information Technology Services Division (ITSD)**. OA, ITSD states, there will be a one-time cost associated with this proposed legislation. ITSD needs to develop the programming that allows Spinal Muscular Atrophy (SMA) and Hunter Syndrome (MPS-II) newborn screening laboratory results to be loaded into the Missouri Health Strategic Architecture and Information Cooperative (MOHSAIC) data system for tracking and follow-up. For estimation purposes, the project has been projected to be a 3 month project utilizing a project team to include a project manager, business analyst and a developer.

ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. The current contract rate for IT consultants is \$75 per hour. ITSD estimates this proposal will require 1,036.8 contract hours for a total cost to the General Revenue Fund in FY19 of \$77,760 (1,036.8 hours X \$75).

Oversight notes ITSD costs are included in DHSS' Equipment and Expense costs for this section of the proposal.

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** and **Division of Legal Services (DLS)** state section 191.332.3 requires the Department of Health and Senior Services (DHSS), by January 1, 2019 and subject to appropriations, expand the newborn screening requirements to include Spinal Muscular Atrophy (SMA) and Hunter Syndrome (MPSII). The department may increase the fee to cover the additional costs.

Currently, MO HealthNet reimburses DHSS the federal portion of the cost of the newborn screening fee for Medicaid eligible participants. The general revenue portion is included in the DHSS budget. MHD only reimburses DHSS for the portion of the fee that is attributed to the lab analysis.

DHSS estimates the lab portion of the newborn screening fee will need to be increased by \$3 to accommodate the additional tests for SMA and MPSII.

ASSUMPTION (continued)

MHD provides reimbursement for 15,000 tests annually; therefore, this legislation is estimated to cost \$28,917 annually (15,000 tests X \$3 fee increase X 64.26% FMAP (Federal Medicaid Assistance Percentage)). The first year reflects only 6 months of costs due to delayed implementation.

FY 2019 (calculated for 6 months): Total Federal Funds \$14,459;
FY 2020: Total Federal Funds \$28,917.

Officials from the **DSS, DLS** assume the proposal would not fiscally impact their agency.

Officials from the **University of Missouri Health Care (UMHC)** have reviewed the proposed legislation and determined that the fiscal impact should not exceed \$100,000 annually.

Oversight assumes the costs incurred by the UMHC related to this proposal can be absorbed within current resource levels.

Officials from the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation** and the **Missouri Department of Transportation** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety, Missouri State Highway Patrol** defer to the Missouri Department of Transportation (MoDOT), Employee Benefits Section for response on behalf of the Highway Patrol. Please see MoDOT's fiscal note response for the potential fiscal impact of this proposal.

§192.380 - Maternal and neonatal care designations

Oversight extrapolated costs to FY2022 since provisions for hospital licensure and hospitals being able to employ dentists result in some costs not being incurred until FY2022. Due to time constraints, the following responses from HB 58 were used.

Officials from the **Department of Health and Senior Services (DHSS)** state in order to carry out the responsibilities assigned to DHSS under section 192.380, the Division of Community and Public Health would need to hire a Research Analyst IV/Planner III (\$46,056 annually). The responsibilities of this position would include:

- Plan and conduct the public hearings in various geographic locations of the state;
- Analyze information from the public hearings and compile hearing report;
- Establish the levels of maternal and neonatal care designations;
- Establish the reporting mechanism for birthing facilities to report these designations annually;

ASSUMPTION (continued)

- Create a database system to analyze the data and verify the level of designation reported;
- Follow-up with facilities to provide technical assistance and obtain any clarification required following reporting;
- Promulgate the rules;
- Update rules, reporting forms, and database as changes to the national level of care occur; and,
- Ensure reporting by birthing facilities is completed at least annually and/or as the designation criteria change.

The DHSS estimates costs to the General Revenue Fund of \$87,823 for FY 18; \$98,930 for FY19; and \$100,043 for FY20.

Oversight assumes DHSS would not need additional rental space for one (1) new FTE for this single proposal. However, Oversight notes, depending on the number of proposals passed during the legislative session, that accumulatively, DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

Officials from the **University of Missouri Health Care (UMHC)** have reviewed the proposed legislation and determined that the fiscal impact should not exceed \$100,000 annually.

Oversight assumes the costs incurred by the UMHC related to this proposal can be absorbed within current resource levels.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Cass Regional Medical Center** state their facility does not offer these services and therefore, there would be no fiscal impact to their organization.

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.

§192.500 - Cone beam tomography and certain x-ray system inspections

Due to time constraints, the following responses from SCS HB 349 were used.

Officials from the **Department of Agriculture**, the **Department of Health and Senior Services** and the **Department of Insurance, Financial Institutions and Professional Registration** each assume the proposal would not fiscally impact their respective agencies.

§194.600 - Advance health care directive registry

Due to time constraints, the following responses from the previous version of this bill were used:

Officials from **Department of Health and Senior Services**, the **Joint Committee on Administrative Rules** and the **Office of State Courts Administrator** each assume the proposal would not fiscally impact 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.

ASSUMPTION (continued)

§§197.005 - 197.100 - Hospital licensure

Due to time constraints, the following responses from HB 1069 were used:

Officials from the **Department of Health and Senior Services (DHSS), Division of Regulation and Licensure (DRL)** assume, based on previous conversations with the Centers for Medicaid and Medicare Services (CMS) that the Federal cost vs. General Revenue (GR) split will change to reflect the mirroring of Missouri statutory requirements with CMS regulations. CMS has indicated that when states have licensing statutes that mirror CMS regulations, the Federal/State funding split for survey and certification activities will be 50% Federal/50% State. Currently Missouri receives an 85% Federal/15% State funding split for joint survey and certification activities and 100% Federal funding for certification only activities.

In SFY 16, DRL expended \$208,178 in Personal Service costs related to Hospital Licensing and Certification, of which \$19,987 was GR. If the split were adjusted to 50/50 split, the resulting GR amount would total \$104,089, an increase of \$84,102.

The average salary of the Health Facility Consultant Nurses who conduct the surveys is \$56,086. $\$84,102/\$56,086 = 1.5$ FTE currently paid with federal funds. 1.5 FTE has a personal service cost of \$84,129, associated E&E costs of \$29,663, and fringe benefits of \$40,516; therefore, DHSS would need an additional \$154,308 in General Revenue to replace the loss in federal funds.

DHSS is unsure if the passage of this legislation would negate other statutory requirements set out in Chapter 197 RSMo, that set the standards for Missouri's Hospital certification and licensure requirements. If these statutes were not negated by this legislation the impact to DHSS would be \$0.

The legislation would become effective July 1, 2018; therefore, there would be no costs incurred in FY 2018. FY2019 increase in costs to General Revenue are estimated to be \$0 - \$156,140 and FY2020 increase in costs is estimated to be \$0 - \$158,004.

Oversight contacted DHSS officials and learned that most of the costs associated with facility surveyors is for work involving the investigation of complaints. This legislation will not reduce the number of complaints that have to be investigated and, therefore, will not reduce the number of FTEs needed to conduct surveys. In addition, state and federal surveys are conducted simultaneously and the proposal will not result in a reduction in the amount of time spent on survey activities.

ASSUMPTION (continued)

Oversight notes from the Department of Social Services response that the impact of this proposal on hospital costs will not be reflected in the State's share of costs until FY22. Therefore, Oversight is extrapolating DHSS costs to FY22, when this proposal will be fully implemented.

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** and **Division of Legal Services (DLS)** state on or after July 1, 2018, hospitals and critical access hospitals that are in compliance with Medicare conditions of participation will also be deemed in compliance with state hospital licensure standards.

The Department of Health and Senior Services may promulgate regulations effective on or after July 1, 2018 to define separate regulatory standards that do not duplicate or contradict the Medicare conditions of participation. Any existing hospital licensure regulations that duplicate or contradict the Medicare conditions of participation will lapse and expire on July 1, 2018.

MHD assumes this legislation allows hospitals that are in compliance with Medicare licensure standards to also be deemed in compliance with state Medicaid licensure; therefore, there is a potential that savings could be realized by the MO HealthNet Hospital program due to the assumed decrease in administrative costs to hospitals. MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Any savings to the hospitals would begin to be reflected in the 2018 and 2019 cost reports, assuming an effective date of August 28, 2018. Therefore, there would not be a fiscal impact to the MO HealthNet Division for SFY's 18 through 21, but starting SFY 22 MHD estimates there could be savings associated with this proposal. There are 150 in-state hospitals that receive MO HealthNet reimbursement. MHD assumes this proposal will save each hospital \$5,000 per year on average. Furthermore, MO HealthNet is prorating the savings to hospitals by the draft SFY 2012 Statewide Mean Medicaid Utilization rate of 32.9%, which was calculated by MO HealthNet's Independent Disproportionate Share Hospital (DSH) auditors per DSH Reporting Requirements. Although this calculation is based on days, it is an estimated way to prorate this savings to Medicaid. The estimated annual savings to Medicaid is \$246,735.

Oversight notes that there are 30 hospitals in the state of Missouri that are owned by local political subdivisions. This legislation will impact those hospitals. Based on DSS' response, **Oversight** assumes the proposal will have an unknown savings to local governments of less than \$50,000 ($\$5,000 \times 30 \text{ hospitals} \times 32.9\% \text{ Medicaid utilization rate} = \$49,350$) annually for the local political subdivisions that operate these hospitals.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Cass Regional Medical Center** assume the proposal would not fiscally impact their agency.

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.

§332.081 - Hospitals to employ dentists

Due to time constraints, the following responses from HCS SB 125 were used:

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** and **Division of Legal Services (DLS)** state this legislation revises Chapter 197, RSMo, by adding section 197.750 with terminology to employ licensed oral health care providers or dentists under chapter 332, RSMo, to provide services for oral health treatment in hospitals.

MHD assumes hospitals are currently prevented from employing dentists and oral surgeons. Reimbursement for these services is currently excluded from MO HealthNet hospital reimbursement. These professional services, if provided in a hospital setting, would be billed on a separate medical claim and paid according to the fee-for-service fee schedule.

MHD further assumes this legislation is designed to allow these oral health services to be included in inpatient and outpatient hospital reimbursement. MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Additional costs to employ

ASSUMPTION (continued)

dentists and oral surgeons would begin to be reflected in the 2018 and 2019 cost reports, assuming an effective date of August 28, 2018. MO HealthNet would use 2017 and 2018 cost reports to establish reimbursement for SFY 22 and SFY 23, respectively. Therefore, there would not be a fiscal impact to the MO HealthNet Division for SFY's 18 through 21, but starting SFY 22 MHD estimates there could be additional costs associated with this proposal. Per the Bureau of Labor Statistics, the average salary of a Dentist in Missouri in 2015 was \$158,310, and the cost of an Oral & Maxillofacial Surgeon was \$233,900. MO HealthNet estimates that of the 150 Missouri hospitals, 35% will employ a Dentist and 15% will employ an Oral & Maxillofacial Surgeon. Furthermore, MO HealthNet is prorating the increase in costs to hospitals by the draft SFY 2012 Statewide Mean Medicaid Utilization rate of 32.898%, which was calculated by MO HealthNet's Independent DSH auditors per DSH Reporting Requirements. Although this calculation is based on days, it is an estimated way to prorate this cost to Medicaid. Using this percentage, the estimated cost to Medicaid is \$4,465,583 (\$1,642,084 GR; \$2,823,499 Fed).

This estimate does not include any increase in claims billed by the hospitals employing these professionals. The increase in hospital reimbursement for claims could be offset with a decrease in professional medical claims submitted.

Officials from the **Cass Regional Medical Center** state the proposal will have no fiscal impact to their organization unless they actually employ a dentist or other oral health care provider.

Officials from the **Department of Health and Senior Services** and the **Department of Mental Health** each assume the proposal would not fiscally impact their respective agencies.

Oversight notes there are 30 hospitals in the state of Missouri that are owned by local political subdivisions. This legislation will impact those hospitals if they choose to employ a dentist or other oral health care provider. For fiscal note purposes, **Oversight** assumes if at least one hospital employs an oral health care provider, the fiscal impact will be greater than \$100,000 annually for local political subdivisions. Reimbursement will not begin to be received until FY22 and will not provide reimbursement for the total costs incurred.

§334.036 - Physician assistants

Due to time constraints, the following responses from HCS HB 330 were used:

Officials from the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Social Services** and the **Department of Mental Health** each assume the proposal will have no fiscal impact on their respective organizations.

ASSUMPTION (continued)

§345.051 - Speech, language, & hearing licensure

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state it is assumed the renewal fee will be adjusted to reflect the 3-year renewal period with no additional net cost increase to the licensee as the renewal fee will be adjusted from a biennial cycle to a triennial cycle. Current licenses renewed in January 2017 will renew in January 2019 for 3 years to reflect the triennial renewal cycle.

DIFP assumes the provisions will have no fiscal impact on their organization.

FISCAL IMPACT -
State Government

**GENERAL
REVENUE FUND**

Savings - DSS
(§197.005)

Reduction in state-
share of hospital
administrative costs

FY 2018
(10 Mo.)

FY 2019

FY 2020

Fully
Implemented
(FY 2022)

\$0

\$0

\$0

\$88,183

Costs - DHSS
(§192.380)

Personal service

(\$46,713)

(\$56,617)

(\$57,183)

(\$58,332)

Fringe benefits

(\$21,069)

(\$27,169)

(\$27,337)

(\$27,679)

Equipment and
expense

(\$16,016)

(\$10,193)

(\$10,448)

(\$10,977)

Total Costs - DHSS

(\$83,798)

(\$93,979)

(\$94,968)

(\$96,988)

FTE Change -
DHSS

1 FTE

1 FTE

1 FTE

1 FTE

Costs - DHSS
(§197.005)

Increase in state
share of inspection
costs

\$0 \$0 to (\$153,664) \$0 to (\$155,465) \$0 to (\$159,153)

Costs - DSS
(§332.081)

Increase in state
share of program
reimbursements

\$0

\$0

\$0

(\$1,642,084)

**ESTIMATED NET
EFFECT ON THE
GENERAL
REVENUE FUND**

(\$83,798)

(\$93,979 to
\$247,643)

(\$94,968 to
\$250,433)

(\$1,650,889 to
\$1,810,042)

Estimated Net FTE
Change on the
General Revenue
Fund

1 FTE

1 FTE

1 FTE

1 FTE

FISCAL IMPACT -
State Government

	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
MISSOURI PUBLIC HEALTH SERVICES (MoPHS) FUND (#0298)				
<u>Income - DHSS</u> (§191.332)				
Increase in newborn screening fees	\$0	\$290,961	\$581,921	\$581,921
<u>Transfer-In</u> from DSS Federal Fund (§191.332)				
Reimbursement for screening costs	\$0	\$14,459	\$28,917	\$28,917
Total <u>Income &</u> <u>Transfers-In - DHSS</u>	<u>\$0</u>	<u>\$305,420</u>	<u>\$610,838</u>	<u>\$610,838</u>
<u>Costs - DHSS</u> (§191.332)				
Personal service	\$0	(\$86,416)	(\$87,280)	(\$89,034)
Fringe benefits	\$0	(\$46,351)	(\$46,608)	(\$47,130)
Equipment and expense	<u>\$0</u>	<u>(\$627,234)</u>	<u>(\$460,837)</u>	<u>(\$468,090)</u>
Total <u>Costs - DHSS</u>	<u>\$0</u>	<u>(\$760,001)</u>	<u>(\$594,725)</u>	<u>(\$604,254)</u>
FTE Change - DHSS	0 FTE	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON THE MoPHS FUND	<u>\$0</u>	<u>(\$454,581)</u>	<u>\$16,113</u>	<u>\$6,584</u>
Estimated Net FTE Change on the MoPHS Fund	0 FTE	2 FTE	2 FTE	2 FTE

**FISCAL IMPACT -
 State Government**

	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
FEDERAL FUNDS				
<u>Income - DSS</u> (§191.332)				
Increase in reimbursement for SMA & MPS-II newborn screenings	\$0	\$14,459	\$28,917	\$28,917
<u>Income - DSS</u> (§197.750)				
Increase in program reimbursements	\$0	\$0	\$0	\$2,823,499
<u>Savings - DSS</u> (§197.005)				
Reduction in hospital administrative costs	\$0	\$0	\$0	\$158,552
<u>Savings - DHSS</u> (§197.005)				
Reduction in federal share of inspection costs	\$0	\$0 to \$153,664	\$0 to \$155,465	\$0 to \$159,153
<u>Total Income & Savings</u>	<u>\$0</u>	<u>\$14,459 to \$168,123</u>	<u>\$28,917 to \$184,382</u>	<u>\$3,010,968 to \$3,170,121</u>

FISCAL IMPACT -
State Government

FY 2018
 (10 Mo.)

FY 2019

FY 2020

Fully
 Implemented
 (FY 2022)

FEDERAL FUNDS
(continued)

Costs - DSS
 (\$332.081)

Increase in
 program
 expenditures

\$0

\$0

\$0

(\$2,823,499)

Transfer-out - DSS
 (332.081)

Transfer-out to
 DHSS MoPHS Fund
 for SMA & MPS-II
 newborn screening
 expenses

\$0

(\$14,459)

(\$28,917)

(\$28,917)

Loss - DSS
 (\$197.005)

Reduction in
 federal
 reimbursements for
 hospital
 administrative costs

\$0

\$0

\$0

(\$158,552)

Loss - DHSS
 (\$197.005)

Reduction in
 federal
 reimbursement for
 inspection activities

\$0

\$0 to (\$153,664)

\$0 to (\$155,465)

\$0 to (\$159,153)

Total Costs,
Transfers-Out &
Losses

\$0

(\$14,459 to
\$168,123)

(\$28,917 to
\$184,382)

(\$3,010,968 to
\$3,170,121)

ESTIMATED NET
EFFECT ON
FEDERAL FUNDS

\$0

\$0

\$0

\$0

FISCAL IMPACT -
Local Government

	FY 2018 (10 Mo.)	FY 2019	FY 2020	Fully Implemented (FY 2022)
LOCAL GOVERNMENTS - HOSPITALS				

Income - Hospitals
(§332.081)

Increase in reimbursements				\$0 to Unknown greater than \$100,000
	\$0	\$0	\$0	

Savings - Hospitals

Reduction in administrative costs (§197.005)				Less than \$50,000
	\$0	\$0	\$0	

Costs - Hospitals
(§332.081)

Increase in personnel costs for oral health care providers	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>
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**ESTIMATED NET
EFFECT ON
LOCAL
GOVERNMENTS
- HOSPITALS**

	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>\$0 to (Unknown greater than \$100,000)</u>	<u>Less than \$50,000 to (Unknown greater than \$100,000)</u>
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FISCAL IMPACT - Small Business

Small business birthing centers, midwives and any other entities that purchase newborn screening collection forms would have to pay an additional fee. However, this cost may be recovered by the fees charged. There would also be additional administrative costs. (§191.332)

FISCAL IMPACT - Small Business (continued)

This proposal may result in minimal administrative savings on small business dentists and veterinary offices. (§192.500)

This proposal may impact small business dentists or other oral health care providers if dentists, oral and maxillofacial surgeons or maxillofacial prosthodontists choose to become employed by a hospital and are no longer available to provide services to the community. (§332.081)

FISCAL DESCRIPTION

This bill expands the newborn screening requirements to include spinal muscular atrophy (SMA) and Hunter syndrome (MPS-II). The department shall apply for available newborn screening grant funding specific to screening for SMA and MPS-II and shall have discretion in accepting the terms of such grants. (§191.332)

The bill requires the Department of Health and Senior Services to seek broad public and stakeholder input during multiple hearings in diverse geographic regions of the state and then establish criteria for levels of maternal care designations and levels of neonatal care designations for birthing facilities based on specified criteria.

Beginning January 1, 2019, any hospital with a birthing facility must report to the department its appropriate level of maternal care designation and neonatal care designation as determined by the criteria specified under these provisions. The bill permits the department to partner with appropriate nationally recognized professional organizations with demonstrated expertise in

maternal and neonatal standards of care to administer these provisions. The criteria for levels of maternal and neonatal care developed under the provisions of the bill must not include pregnancy termination or counseling or referral for pregnancy termination. (§192.380)

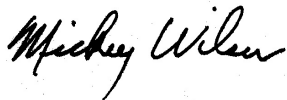
Beginning July 1, 2018, this bill stipulates that hospitals in compliance with Medicare conditions of participation, as defined, will be deemed to constitute compliance with the standards for hospital licensure under Sections 197.010 to 197.120, RSMo, and regulations thereunder. (§§197.005, 197.040, 197.050, 197.070, 197.071, 197.080 & 197.100)

This bill allows licensed hospitals to employ a dentist, an oral and maxillofacial surgeon, and a maxillofacial prosthodontist to treat conditions specified in the bill. (§332.081)

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 Agriculture
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Public Safety -
 Missouri State Highway Patrol
Department of Social Services
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Department of Transportation
Office of State Courts Administrator
Office of Secretary of State
University of Missouri
Cass Regional Medical Center



Mickey Wilson, CPA
Director
May 10, 2017

Ross Strobe
Assistant Director
May 10, 2017