

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4353-01
Bill No.: HB 1476
Subject: Department of Corrections; Medical Procedure and Personnel
Type: Original
Date: January 10, 2018

Bill Summary: This proposal requires all inmates receiving an on-site non-emergency medical examination or treatment from correctional center personnel to be charged fifty cents per visit.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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 2019 | FY 2020 | FY 2021 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections (DOC)** state this version of the bill incorporates the following exceptions (BOP co-pay standards) to the requirement for offenders to pay a \$.50 medical co-pay:

"2. Inmates shall be charged a co-pay fee except for the following:

- (a) Health care services based on staff referrals;
- (b) Staff approved follow up treatment for chronic illnesses;
- © Preventive health care;
- (d) Emergency services;
- (e) Prenatal care;
- (f) Diagnosis or treatment of chronic infectious diseases;
- (g) Mental health care; or
- (h) Substance abuse treatment.

3. Inmates without funds will not be charged provided the inmate is considered to be indigent and is unable to pay the health care services fee."

Offenders who are incarcerated have a constitutional right to medical care under the Eighth Amendment of the U.S. Constitution. The DOC is also stipulated by law to provide medical care under chapter RSMo 217.230.

Correctional healthcare is built upon a preventative model; therefore, the majority of encounters are initiated by medical staff. Every single offender is seen for a medical assessment upon intake, seen yearly for TB testing, flu shots, physicals, health fairs, etc. Each and every single encounter is documented and counts as one medical encounter. Medical encounters include any time an offender is assessed by a medical professional.

In FY17 there were more than 2,000,000 medical contacts of all types. The DOC estimates that approximately 85% of medical contacts would meet the exclusion from paying the co-pay. The DOC assumes that approximately 330,000 contacts per year would be required to pay the medical co-pay. This would result in revenues to the State of approximately \$165,000.

Funds collected via co-pay would go into General Revenue and not to the DOC unless a special fund was set up for the deposit of the collected funds.

ASSUMPTION (continued)

In order to collect medical co-pays, there would need to be staff available to determine whether the medical contact is an emergency or not, whether the offender has the ability to pay, and to actually deduct the funds from the offender's account. In order to handle the administrative duties associated with charging offender co-pays, the Division of Adult Institutions estimates they would need the services of a .50 FTE Office Support Assistant at each of our 21 institutions.

The DOC's Offender Finance Unit would also require an additional Accounting Clerk in order to process the large number of transactions required to be entered into the finance system.

The total annual cost would be for the salaries, including fringe benefits, and expense and equipment costs for 11.5 additional staff beginning in FY19.

In summary, the cost of the proposed legislation would be the cost of the additional salaries (approximately \$525,000) minus the revenues generated by the collection of the co-pay (approximately \$165,000). Therefore, DOC assumes a net cost to the General Revenue Fund of approximately \$360,000 per year.

| | FY 2018 | FY 2019 | FY 2020 |
|---------------|-------------|-------------|-------------|
| PS & EE Costs | (\$528,148) | (\$526,684) | (\$531,329) |
| Collections | \$165,000 | \$165,000 | \$165,000 |
| Difference | (\$363,148) | (\$361,684) | (\$366,329) |

Oversight assumes DOC would be able to absorb any additional responsibilities that this proposal may have on their agency. Oversight further assumes the state would not receive additional proceeds as a result of the 50 cents per medical visit charge. Oversight assumes the 50 cents charge would be handled entirely within the inmates' accounts within the correctional institution's system. For example, if the inmate spent 50 cents on a medical visit, this would reduce the amount available to be spent by the inmate in the institutional canteens. Therefore, Oversight will not reflect a direct fiscal impact to the state's General Revenue Fund from this proposal.

According to officials from the **Office of the Secretary of State (SOS)**, 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

ASSUMPTION (continued)

these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

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

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|---------------------|------------|------------|
| | <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

The proposed legislation appears to have no direct fiscal impact.

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

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SOURCES OF INFORMATION

Department of Corrections
Office of the Secretary of State
Joint Committee on Administrative Rules

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Acting Director
January 10, 2018