

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3231-02
Bill No.: HCS for HB 1485
Subject: Veterans; Military Affairs; Health Care
Type: Original
Date: February 19, 2020

Bill Summary: This proposal authorizes the issuance of residential care vouchers to certain veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Veterans Home Capital Improvement Trust (0304)	Up to or could exceed (\$10,914,960)	Up to or could exceed (\$10,914,960)	Up to or could exceed (\$10,914,960)
Total Estimated Net Effect on <u>Other</u> State Funds	Up to or could exceed (\$10,914,960)	Up to or could exceed (\$10,914,960)	Up to or could exceed (\$10,914,960)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

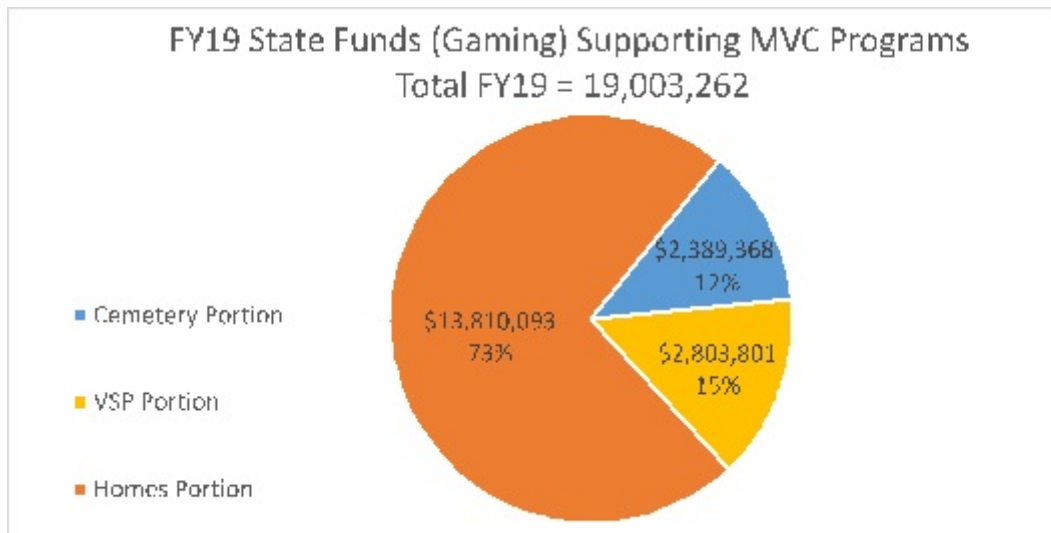
FISCAL ANALYSIS

ASSUMPTION

§42.145 - Care vouchers to certain veterans

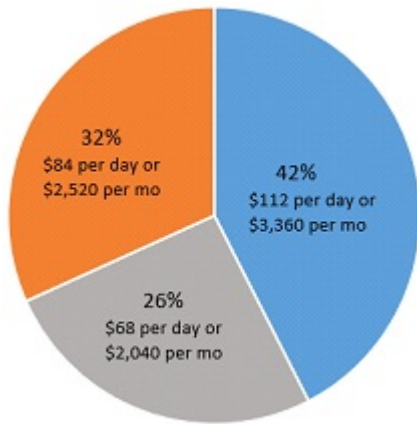
Officials from the **Department of Public Safety - Veterans' Commission (VET)** projects it will receive \$17,150,444 in state funds from the Missouri Gaming Commission for FY 2021. This money is used to support the Missouri Veterans Commission's three core programs; the Veteran Service Program (VSP), the Veteran Cemetery Program, and the Veterans Home Program. Gaming Commission revenues have decreased since 2014 and are projected to continue to decrease by 8-10% per year.

In FY 2019 VET received \$19,003,262 in state funds from the Missouri Gaming Commission. That revenue provided 85% or \$2,389,368 of the \$3,308,913 total cost to operate the Veteran Cemetery Program. The revenue provided 100% of the cost or \$2,803,801 to operate the Veteran Service Program. The remaining \$13,810,093 was used to support the Veterans Homes Program. Please see the pie chart directly below depicting how state funds are used by VET.



ASSUMPTION (continued)

The Homes Program provides, on average, \$84 per veteran per day to cover the cost of skilled nursing care (this equates to 32% of the total cost of skilled nursing care). Please see the pie chart below for Homes Program expense and income breakdown.



Monthly Expense & Income/Veteran

Cost of Care	\$7,920	(\$264/day)
VA + Res. Rate	<u>-\$5,400</u>	(\$180/day)
Balance (Gaming)	\$2,520	(\$84/day)

The Missouri Veterans Commission estimates the impact of HB 1485 will provide the following impact on operations:

There are currently 356 individual on the waiting list. VET is currently conducting face-to-face assessments to determine qualifications for skilled care. If each individual applies for and qualifies for a voucher, VET would be required to pay $356 \times \$84 \times 365$ (days per year) = \$10,914,960 per year in vouchers. This equates to 79% of the total FY 2019 state funding VET receives to operate all seven Veterans Homes.

As described above, the Missouri Veterans Commission only anticipates receiving \$17,150,444 in state funds from the Missouri Gaming Commission in FY 2021 to support all three core programs. Providing vouchers for the state portion of skilled care, considering VET's current state funding source, will require VET to reduce services including services to the Cemetery Program, Veteran Service Program and VET will have to request additional state funding from other unknown sources to keep skilled nursing beds open.

ASSUMPTION (continued)

Oversight contacted VET to determine why the fiscal impact changed from the previous version. The VET stated the original response was based on the full cost of care for VET to care for one veteran for one month or \$8,447.85-\$2,050 (veteran contribution amount) = \$6,397.85. Upon further review of the bill language which states “the average cost paid by the state of Missouri”, VET modified its response to only include the portion of care paid directly by the state, or \$84 per veteran per day or \$2,250 per month. This monthly cost was applied to the number of individuals waiting who have never been offered a bed at a Missouri Veterans Home of the veteran’s choice or 356 individuals.

In addition, VET would like to provide the eligibility criteria for care facilities that have contracted with the Department of Veterans Affairs for the care of veterans. This criteria varies greatly from VET’s eligibility criteria. Only those who meet VA eligibility requirements will be eligible for a contract nursing home bed. The eligibility criteria can be found on the VA's Community Nursing Home website:

https://www.va.gov/GERIATRICAL/pages/Community_Nursing_Homes.asp

- I. Enrolled in VA healthcare;
- II. A veteran in need of nursing home care for a service-connected disability;
- III. A veteran in need of nursing home care who has a single or combined service connected disability rating of 70% or greater.

Additionally, it is imperative to note, the monthly median cost (according to the Genworth Cost of Care Survey 2019) for room and board at a private nursing facility in Missouri is \$5,601 per month (semi-private room). This out-of-pocket cost does not include additional out-of-pocket costs patients incur for prescription medications, medical supplies, restorative nursing program, and other services such as TV, phone, Internet, transportation to VA hospitals and local medical appointments which are part of the MVC cost of care. Private facilities also receive funding through coordination with Medicaid and Medicare and private pay insurance, which may provide income to the facility in addition to the out-of-pocket cost paid by the patient.

VET anticipates an increase in current demand to the waiting list when the general public learns any veteran in a private facility can be reimbursed \$84 per day by the state of Missouri until a bed is offered, when they apply for admission to a Missouri Veterans Home. While there is no accurate way to estimate the number of veterans who may be utilizing non-VET skilled nursing care, VET estimates the majority will sign up to simply collect the \$84 state subsidy.

ASSUMPTION (continued)

Oversight does not have information beyond that provided by the VET; however, according to the Department of Public Safety's budget submission books, the number of veterans on a waiting list as of June 20, 2018 and June 30, 2017 was as follows:

734 as of June 30, 2018; and
1,954 as of June 30, 2017

Oversight will utilize VET's estimate of 356 veterans on a waiting list:
 $356 \times \$84 \text{ per day} \times 365 = \$10,914,960$

Therefore, Oversight will reflect VET's impact as Up to or could exceed \$10,914,960 for fiscal note purposes.

The VET assumes this program would be funded from the Veterans Commission Capital Improvement Trust Fund (0304). **Oversight** notes the balance of the Veterans Commission Capital Improvement Trust Fund (0304) on December 31, 2019, was \$27,771,052.

Bill as a whole:

In response to a previous version, 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 \$5,000. 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 require additional resources.

ASSUMPTION (continued)

In response to a previous version, officials from the **Joint Committee on Administrative Rules (JCAR)** stated the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Oversight notes the **Department of Health and Senior Services** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this agency.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
VETERANS COMMISSION CAPITAL IMPROVEMENTS TRUST FUND (0304)			
<u>Cost - VET (\$42.145) Issuance of residential care vouchers</u>	<u>Up to or could exceed (\$10,914,960)</u>	<u>Up to or could exceed (\$10,914,960)</u>	<u>Up to or could exceed (\$10,914,960)</u>
ESTIMATED NET EFFECT ON THE VETERANS COMMISSION CAPITAL IMPROVEMENTS TRUST FUND	<u>Up to or could exceed (\$10,914,960)</u>	<u>Up to or could exceed (\$10,914,960)</u>	<u>Up to or could exceed (\$10,914,960)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business residential care facilities could be positively impacted by this proposal.

FISCAL DESCRIPTION

This bill authorizes any veteran who is approved for admission into a Missouri veterans home, but has not been admitted due to a lack of vacancy, to receive a voucher from the state for an amount that is equal to the average cost to the state to house one veteran for one month in a Missouri veterans home.

The voucher will be used to pay for the costs of being housed at a skilled nursing facility. The voucher will be issued on a monthly basis by the Missouri Veterans Commission as long as the veteran can pay for room and board at a facility in a timely manner.

Issuance of a voucher will not affect any eligible veteran's position for placement in a Missouri veterans home.

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 Health and Senior Services
Department of Public Safety - Missouri Veterans' Commission
Joint Committee on Administrative Rules
Office of Secretary of State



Julie Morff
Director
February 19, 2020



Ross Strobe
Assistant Director
February 19, 2020