

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5696-01  
Bill No.: HB 1714  
Subject: Health Care; Hospitals; Medicaid; Social Services Dept.  
Type: Original  
Date: February 20, 2012

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Bill Summary: Adds comprehensive day rehabilitation services beginning soon after trauma for individuals with disabling impairments to the list of services covered under MO HealthNet benefits.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(\$197,989)	(\$222,587)	(\$230,600)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$197,989)</b>	<b>(\$222,587)</b>	<b>(\$230,600)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Revenues and expenditures net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.152

Officials from the **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Mental Health (DMH)** state individuals with head injuries are not in the target population of those served by the DMH. Comprehensive day rehabilitation services are provided through the Department of Health and Senior Services. Therefore, the DMH assumes the fiscal impact of this proposal to minimal.

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 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 Secretary of State's office 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 this is a small amount and does not expect that additional funding would be required to meet these costs.** However, it is also recognized 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 within its 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.**

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** state this legislation expands the Comprehensive Day Rehabilitation program to all adult participants. The services must be based on an individualized, goal-oriented, comprehensive and coordinated treatment plan. The MO HealthNet Division (MHD) shall establish the definition and criteria for designation of a comprehensive day rehabilitation service facility, the benefit limitations and the payment mechanism utilizing the expertise of brain injury rehabilitation service providers and the Missouri Head Injury Advisory Council. The services must be provided in a community based facility and be authorized on tier levels based on the services the patient requires and the frequency of the services as guided by a qualified rehabilitation professional associated with a health care home.

ASSUMPTION (continued)

In FY10 there was one individual under the age of 21 with claims filed under this program and that individual had no Comprehensive Day Rehabilitation claims in FY11. Therefore, to project costs if this program was expanded, the number of participants using the program in FY05 (when the program was available to all adults) and their costs were obtained. There were 89 adults in a category of assistance other than a category that is currently eligible for the program (under age 21, blind individuals, pregnant women or nursing home residents) who received services through the Comprehensive Day Rehabilitation program. The fee-for-service cost for their services in FY05 was \$526,728. It is assumed that about the same number of individuals would use the program if it were expanded. Therefore, the SFY05 cost was used as the base for estimating future costs. The rates for this program have not changed since 2005 so no inflation was applied to the costs from FY05 to FY12. A 3.6% inflation factor was applied to FY13 through FY15.

The cost to the fee-for-service program will be \$565,335 in the first full year of the program.

In addition, the MHD contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The MHD assumes this legislation will apply to the managed care health plans. The total annual amount deducted from payments to the managed care health plans in FY06 (first year reductions were implemented) due to the reduction of eligibility for this service was \$10,125. Therefore, this figure was used as a base to estimate the cost to add this service back into the services offered to all adults. No inflation was added from FY05 to FY12. A 3.6% inflation factor was added to FY13 through FY15.

The cost to the managed care program will be \$35,868 in the first full year of the program. This cost consists of an estimated actuarial cost to further evaluate this program change, which would be no more than \$25,000 (50% GR/50% Federal), and an estimated \$10,868 in program costs.

The total cost to MHD in the first full year will be \$601,203 (\$565,335 + \$35,868). To calculate the FY13 cost, it is assumed that there would only be 10 months of the \$576,203 program cost and the full \$25,000 actuarial cost. The cost for FY14 will be \$576,203 (\$565,335 + \$10,868).

Since this proposal is subject to appropriations, the range would be zero to:

FY13 (10 months): Total \$505,169 (GR \$197,989/Federal \$307,180);  
FY14 (12 months): Total \$576,203 (GR \$222,587/Federal \$353,616); and  
FY15 (12 months): Total \$596,946 (GR \$230,600/Federal \$366,346).

**Oversight** assumes, for fiscal note purposes only, this proposal will be appropriated the necessary funding and has reflected the costs without the "\$0 to" range.

HWC:LR:OD

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE FUND</b>			
<b><u>§208.152</u></b>			
<u>Costs - Department of Social Services - MO HealthNet Division</u>			
Comprehensive rehabilitation services program costs	(\$197,989)	(\$222,587)	(\$230,600)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$197,989)</u></b>	<b><u>(\$222,587)</u></b>	<b><u>(\$230,600)</u></b>
<b>FEDERAL FUNDS</b>			
<b><u>§208.152</u></b>			
<u>Income - Department of Social Services - MO HealthNet Division</u>			
Comprehensive rehabilitation services program reimbursements	\$307,180	\$353,616	\$366,346
<u>Costs - Department of Social Services - MO HealthNet Division</u>			
Comprehensive rehabilitation services program expenditures	(\$307,180)	(\$353,616)	(\$366,346)
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

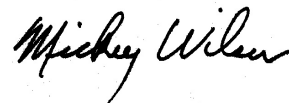
### FISCAL DESCRIPTION

Subject to appropriations, this proposal adds comprehensive day rehabilitation services beginning soon after trauma as part of a coordinated system of care for individuals with disabling impairments to the list of services covered under MO HealthNet benefits. Services must be provided in a community-based facility and be authorized on tier levels based on the services and frequency of services the patient requires as guided by a qualified rehabilitation professional associated with a health care home.

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 Mental Health  
Department of Health and Senior Services  
Department of Social Services -  
    MO HealthNet Division  
Joint Committee on Administrative Rules  
Office of Secretary of State



Mickey Wilson, CPA  
Director  
February 10, 2012