

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0417-01
Bill No.: HB 129
Subject: Department of Corrections; Medical Procedures and Personnel
Type: Original
Date: January 27, 2015

Bill Summary: This proposal requires all inmates receiving an on-site non-emergency medical examination or treatment from correctional center personnel to be charged 50 cents per visit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections (DOC)** state 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 217.230, RSMo.

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 also include an offender merely getting an aspirin for a headache. Offenders can only keep limited supplies of medication in their cells and cannot run out and purchase over the county medication.

The requirement for a co-pay could impact future medical contract costs, but the impact would be unknown. While a co-pay could reduce medical contacts, it could also result in inmates deferring medical services resulting in higher costs if minor care issues develop into more serious medical emergencies as well as jeopardize the health of staff and other inmates.

Based upon historical data, there are approximately 2,000,000 medical contacts of all types every fiscal year. Approximately 10% of these contacts are for onsite medical emergencies.

Of the remaining 1,800,000 medical contacts, the DOC assumes that a significant number would be unable to afford a \$.50 co-pay for medical care. As of January 2, 2015, 30% of offenders had received \$9.99 or less per month in their offender account. If these offenders were excluded from the medical co-pay, there would be approximately 1,260,000 (1,800,000 x 70%) medical contacts for which a co-pay could be collected. This would result in revenues to the State of approximately \$630,000.

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.

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, one Office Support Assistant will be needed at each of our 20 institutions.

ASSUMPTION (continued)

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

The total annual cost for salaries, including fringe benefits, and expense and equipment costs for the 21 additional staff would be \$838,238 in FY16.

The base stipend for offenders is only \$7.50 per offender per month (\$8.50 if the offender has a high school diploma/GED). The stipend/inmate wage was established due to a court case in the late 1980's. The stipend was required so that all incarcerated offenders would have the ability to access the courts via the procurement of stamps and writing material as well as providing for a small amount of hygiene items. The stipend has not increased since at least 1989.

While some offenders receive more than the \$7.50 due to the job they perform in prison, there are a significant number who do not receive more than the basic amount.

If the imposition of a co-pay on offenders who only receive the basic stipend would affect their ability to access the courts, the offenders could challenge the amount in court and the courts might consider the offenders to be indigent and possibly require the DOC to pay a higher offender stipend, which would be an additional cost to the State.

The DOC assumes that a significant number of offenders would be unable to afford a co-pay, which reduces the amount of revenue that could be collected. This legislation appears to assume that offenders with the ability to pay would be charged for all medical contacts, regardless of the purpose of the visit. However, in most other correctional systems with co-pays, there are a significant number of services that are provided without a co-pay fee. For example, the Federal Bureau of Prisons provides the following medical services without a co-pay:

- Health care services based on staff referrals;
- Staff-approved follow-up treatment for a chronic condition;
- Preventive health care services;
- Prenatal care; and
- Diagnosis or treatment of chronic infectious diseases

ASSUMPTION (continued)

Examples of health care services based on staff referrals, follow-up treatment for chronic conditions, and preventive health care include, but are not limited to:

- Blood pressure monitoring;
- Glucose monitoring;
- Insulin injections;
- Chronic Care Clinics;
- Testing for tuberculosis;
- Vaccinations;
- Wound care; and
- Patient education, etc.

If these services were excluded from a co-pay, it would further reduce the amount of revenue that could be collected.

In summary, the DOC assumes the following annual net fiscal impact from the collections and the expense of the additional 21 FTE:

	FY 2016	FY 2017	FY 2018
Personal Service and E&E cost of additional 21 FTE	(\$838,238)	(\$816,401)	(\$825,571)
Additional Revenue	\$630,000	\$630,000	\$630,000
Net Fiscal Impact to General Revenue	(\$208,238)	(\$186,401)	(\$195,571)

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

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 from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

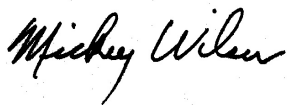
FISCAL DESCRIPTION

This proposal requires any inmate receiving an on-site non-emergency medical examination or treatment from the correctional facility's medical staff to be assessed 50 cents per visit.

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 Corrections
Department of Health and Senior Services
Department of Social Services



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