

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1233-02  
Bill No.: HB 718  
Subject: Medicaid; Corrections Department  
Type: Original  
Date: April 27, 2015

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Bill Summary: This proposal requires all hospitals and health care providers who receive MO HealthNet funding to provide health care services to the Department of Corrections.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</b>

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Corrections (DOC)** state this legislation requires all hospitals and health care providers who receive MO HealthNet funding to provide health care services to the DOC.

The legislation applies to individuals incarcerated in a Missouri correctional setting. It does not allow a provider receiving MO HealthNet funding to refuse to serve a DOC incarcerated offender and sets the payment rate no greater than one hundred percent of the MO HealthNet reimbursement rate or the Medicare reimbursement rate, whichever is greater.

There is a potential for cost savings from this legislation. It could result in a reduction in transportation costs (fuel and maintenance costs). It could also result in cost savings for the contractor through reductions in the reimbursement rates. The legislation requires these cost savings to inure back to the state and not to any healthcare services contractor.

Because the DOC currently pays a per diem rate for healthcare services, it is not able to calculate the potential cost savings for this proposal. It will depend on the rates currently charged and a determination of which hospitals would be affected, which will in turn affect where offenders are transported for services.

In summary, this legislation will result in an unknown cost avoidance (savings) to the General Revenue Fund.

Officials from the **Office of Attorney General (AGO)** state the proposal authorizes the AGO to seek injunctive relief against providers that do not comply. The AGO assumes that costs can be absorbed within existing resources. The AGO may seek additional appropriation if the caseload of the AGO increases significantly.

Officials from the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Social Services** and **Office of State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **University of Missouri** did not respond to **Oversight's** request for a statement of fiscal impact.

ASSUMPTION (continued)

**Oversight** notes that according to DOC budget submissions, the annual expenditures for offender healthcare services has been:

FY 2012	\$142,257,229
FY 2013	\$146,644,098
FY 2014	\$155,634,832
FY 2015 (budget)	\$152,933,046; and
FY 2016 (budget)	\$145,398,471

Also, the contract per diem rate for healthcare and average daily prison population

	Per Diem	Average Population
FY 2012	\$12.703	30,914
FY 2013	\$12.958	31,246
FY 2014	\$13.712	31,334
FY 2015 (projected)	\$12.588	31,699
FY 2016 (projected)	\$12.588	31,958

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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**GENERAL REVENUE FUND**

Savings - DOC

Reduction in per diem healthcare expenses	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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**ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND**

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

This proposal could impact small business healthcare providers if they are MO HealthNet providers and provide services to the Department of Corrections.

### FISCAL DESCRIPTION

This proposal prohibits any hospital or health care services provider that receives funding from MO HealthNet from refusing to contract with or provide health care services to the Department of Corrections directly or to any contractor to the department that provides health care services to any individual incarcerated in a Missouri correctional setting. The department or its contracted provider must pay to a provider of a health care service for a person residing in a correctional or detention facility an amount no greater than 100% of the MO HealthNet reimbursement rate or federal Medicare reimbursement rate, whichever is greater, for any given procedure applicable to the provider and service. This limitation applies to all health care services, both inpatient and outpatient, goods, and prescription drugs provided to a person outside the facility.

At the request of the department, the Attorney General must seek injunctive relief from any court of competent jurisdiction or the circuit court of Cole County against any hospital or health care services provider that does not comply with these provisions. If the court finds for the state, attorney fees must be awarded to the state.

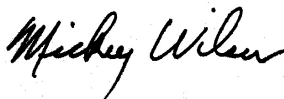
Any cost savings due to these provisions must inure to the state and not to any health care services contractor.

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

Office of Attorney General  
Department of Health and Senior Services  
Department of Mental Health  
Department of Corrections  
Department of Social Services  
Office of State Courts Administrator

Not Responding  
University of Missouri



L.R. No. 1233-02  
Bill No. HB 718  
Page 6 of 6  
April 27, 2015

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