

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1264-04  
Bill No.: HCS for SCS for SB 380  
Subject: Elderly; Health Care; Mental Health; Nursing and Boarding Homes  
Type: Original  
Date: April 28, 2015

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Bill Summary: This proposal modifies provisions relating to health care.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
General Revenue	(\$267,973)	(\$275,863)	(\$181,268)	(\$958,159)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$267,973)</b>	<b>(\$275,863)</b>	<b>(\$181,268)</b>	<b>(\$958,159)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
Federal	\$0	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenses exceed \$1.3 million annually and net to \$0 beginning in FY 2021.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
General Revenue	2	2	2	2
<b>Total Estimated Net Effect on FTE</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</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>				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §§192.020 and 192.667 - Infection Reporting

In response to similar legislation (HCS for HB 1066), officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** stated MO HealthNet bases hospital reimbursement for a given year on the fourth prior year cost report. Since these requirements would be effective August 28, 2016, any additional cost would begin to be reflected in 2016 or 2017 cost reports. MO HealthNet would use 2016 and 2017 cost reports to establish reimbursement for FY 2020 and FY 2021. Therefore, there would not be a fiscal impact to the MHD for FY 2016, FY 2017, and FY 2018, but starting FY 2020 there could be additional costs. Since the exact requirements for this proposal are not known at this time, MHD can only provide an estimate for these additional costs starting in FY 2020. Per the Bureau of Labor Statistics, the average salary of a Registered Nurse in Missouri in 2013 was \$58,040. MHD assumes this proposal will take 25% of a Registered Nurse's time on average per facility. Additionally, the average salary of a Pharmacist in Missouri in 2013 was \$114,000 (per salarybystate.org). MHD assumes this proposal will take 25% of a Pharmacist's time on average per facility. Then, assuming this will impact approximately 150 Missouri hospitals, the estimated cost of this proposed legislation could be up to \$6,451,500 per year. Furthermore, MHD is prorating this increase in costs to hospitals by the FY 2011 Statewide Mean Medicaid Utilization rate of 32.39%, which was calculated by MHD's Independent Disproportionate Share Hospital (DSH) auditors per DSH reporting requirements. Although this calculation is based on days, it is an estimated way to prorate this cost to Medicaid. Using this percentage, the estimated cost to Medicaid is \$2,089,641 ( $\$6,451,500 \times 32.39\%$ ). Since the requirement is effective for hospitals August 28, 2016, only a portion of the cost would be in FY 20. 82 hospitals have a cost report year end between August 28 and December 31. The estimated cost for FY 20 is \$1,142,337 ( $\$2,089,641 \times 82/150$ ). The estimated cost for FY 21 is \$2,089,641. The costs will be split approximately 37% GR/63% Federal.

In response to similar legislation (HCS for HB 1066), officials from the **Department of Health and Senior Services (DHSS)** provide the following assumptions:

#### §192.667 - Infection reporting

DHSS would have to work with the Office of Administration, Information Technology Services Division (ITSD) to enhance the current MHIRS (Missouri Hospital Infection Reporting System) website to collect any new surgery types and possibly new facility types (e.g., dialysis centers,

ASSUMPTION (continued)

nursing homes). This would include major revisions to the Annual Registration site. In addition, major modifications to the public and historical reports would be required. DHSS staff will need to develop statistical standards for any new surgery categories and possibly new facility types and/or incorporate standards developed by the Center for Medicare and Medicaid Services (CMS). Staff will also be needed to monitor the expanded list of surgery categories to ensure that data is being properly reported and that DHSS is getting valid, accurate data.

To perform Bureau of Health Care Analysis and Data Dissemination (BHCADD) activities in accordance with the above assumptions, BHCADD will need one Research Analyst III (\$40,380 annually).

DHSS would also be asked to work with hospitals, Ambulatory Surgical Centers (ASCs) in developing the antimicrobial stewardship program. The DHSS would be tasked with writing an annual report for the state and regions describing incidence, type and distribution. This data would be available from the National HealthCare Safety Network (NHSN) through the Center for Disease Control's Antimicrobial Use and Resistance (AUR) Module.

To perform activities in accordance with the above assumptions, DHSS (either the Bureau of Communicable Disease Control and Prevention or another assigned Bureau) would need one additional Research Analyst III (\$40,380, annually).

DHSS provided OA, ITSD's costs. ITSD assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. A 12-month project time-line was assumed with the first six (6) months focused on analysis, design and development of the functionality necessary to begin collecting and reporting antibiotic use by January 1, 2016, with the remainder of the development and implementation being completed in FY 2017. The project increases the amount of data being collected, stored and reported. Therefore, costs have been included for additional disk space. ITSD assumes costs to the General Revenue Fund of \$129,772 for FY 2016; \$123,980 for FY 2017; and \$27,449 for FY 2018.

**Oversight** notes the increase in DSS, MHD's costs do not occur until FY 2021. Oversight extrapolated DHSS and OA, ITSD costs to FY 2021 using a 1% inflationary rate for salary related expenses and a 2.5% inflationary rate for all other costs (the same rates currently used in fiscal note calculations) so that Fully Implemented Costs present all agency costs, not just MHD's.

In response to similar legislation (HCS for HB 1066), officials from the **Department of Mental Health** and **Joint Committee on Administrative Rules** each assumed the proposal would not fiscally impact their respective agencies.

In response to similar legislation (HCS for HB 1066), 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

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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 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 request funding through the appropriation process.

§192.926 - Money Follows the Person Demonstration Project

In response to the previous version of this proposal, officials from the **Department of Mental Health (DMH)** stated the department would assign current fiscal staff and staff from the Division of Developmental Disabilities and the Missouri Developmental Disabilities Council to attend committee meetings and participate in assessment activities. Based on the current text of the bill, the DMH assumes the proposal would have no fiscal impact on its organization.

In response to the previous version of this proposal, officials from the **Department of Elementary and Secondary Education (DESE)** stated, depending on the actions of the committee, this could result in costs to the department; however, DESE would not expect the costs to be significant.

In response to the previous version of this proposal, officials from the **Department of Health and Senior Services**, the **Department of Social Services** and the **Office of Administration, Division of Budget and Planning** each assumed the proposal would not fiscally impact their respective agencies.

§301.142 - Physical Therapists Statements Authorized for Disabled License Plate/Placard

In response to similar provisions (HCS HB 720), officials from the **Department of Revenue (DOR)** stated section 301.142 adds "physical therapists licensed pursuant to chapter 334" to the definition of "other authorized healthcare practitioner" for purposes of issuing a disabled person license plate and/or placard.

ASSUMPTION (continued)

The DOR is to check online with the advisory commission for physical therapists established in Section 334.625, RSMo, when an applicant brings in a signed statement from a physical therapist for a disable person license plate and/or placard.

The DOR assumes the proposal will have the following administrative impact to the Motor Vehicle Bureau:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2016.
- The Physicians Statement for Disabled Person Plates/Placard (DOR-1776) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Application for Missouri Personalized and Special License Plates (DOR-1716) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Application for Missouri Military Personalized License Plates (DOR-4601) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Application for Disabled Person Placard (DOR-2769) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Application for Missouri Historic or Personalized Historic License Plates (DOR-570) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2016.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2016.

The DOR assumes the proposal will an impact of \$5,580 to the General Revenue Fund for their organization in FY 2016.

**Oversight** assumes the DOR can absorb the minimal costs associated with this proposal.

In response to similar provisions (HCS HB 720), officials from the **Department of Health and Senior Services**, the **Department of Insurance, Financial Institutions and Professional Registration**, the **Department of Mental Health** and the **Department of Social Services** each assumed the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State</u> <u>Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>GENERAL REVENUE FUND (\$192.667)</b>				
<u>Costs - DHSS</u>				
Personal service	(\$67,300)	(\$81,568)	(\$82,383)	(\$84,880)
Fringe benefits	(\$34,999)	(\$42,419)	(\$42,843)	(\$44,142)
Equipment and expense	<u>(\$35,902)</u>	<u>(\$27,896)</u>	<u>(\$28,593)</u>	<u>(\$33,159)</u>
Total <u>Costs - DHSS</u>	<u>(\$138,201)</u>	<u>(\$151,883)</u>	<u>(\$153,819)</u>	<u>(\$162,181)</u>
FTE Change - DHSS	2 FTE	2 FTE	2 FTE	2 FTE
 <u>Costs - OA-ITSD</u>				
Development, implementation and storage costs	(\$129,772)	(\$123,980)	\$0	\$0
On-going maintenance and storage costs	<u>\$0</u>	<u>\$0</u>	<u>(\$27,449)</u>	<u>(\$29,560)</u>
Total <u>Costs - OA-ITSD</u>	<u>(\$129,772)</u>	<u>(\$123,980)</u>	<u>(\$27,449)</u>	<u>(\$29,560)</u>
 <u>Costs - DSS-MHD</u>				
Increase in hospital reimbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$766,418)</u>
 <b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	 <b><u>(\$267,973)</u></b>	 <b><u>(\$275,863)</u></b>	 <b><u>(\$181,268)</u></b>	 <b><u>(\$958,159)</u></b>
 Estimated Net FTE Change on the General Revenue Fund	 2 FTE	 2 FTE	 2 FTE	 2 FTE

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
<b>FEDERAL FUNDS</b> (\$192.667)				
<u>Income - DSS-MHD</u>				
Increase in program reimbursements	\$0	\$0	\$0	\$1,323,223
<u>Costs - DSS-MHD</u>				
Increase in hospital program costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$1,323,223)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2021)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could impact small business ambulatory surgical centers (ASCs) administrative costs as ASCs are required to develop an antimicrobial stewardship program. In addition, ASCs will have to meet new reporting requirements.

FISCAL DESCRIPTION

This proposal changes the laws regarding infection reporting. In its main provisions, the proposal: (1) Adds carbapenem-resistant enterobacteriaceae (CRE) to the list of communicable or infectious diseases that must be reported to the Department of Health and Human Services; (2) Requires the infection control advisory panel to make recommendations to the department regarding implementation of the Centers for Medicare and Medicaid Services' health care-associated infection data collection, analysis, and public reporting requirements and specifies certain reporting requirements that must be considered by the panel; (3) Requires as a



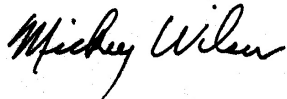
FISCAL DESCRIPTION (continued)

condition of licensure that specified hospitals participate in the National Healthcare Safety Network (NHSN) and permit the NHSN to disclose facility-specific infection data to the department; (4) By January 1, 2016, requires the advisory panel to recommend requirements for specified types of infections and by January 1, 2017, the department to adopt the recommendations in regulations; (5) Requires the department to develop and disseminate publications based on data compiled for a period of 24 months; (6) Requires the department to make specified reports available to the public for a minimum of two years; (7) Requires, no later than August 28, 2016, each hospital, excluding mental health facilities, and each ambulatory surgical center, to establish an antimicrobial stewardship program for evaluating the judicious use of antimicrobials, especially antibiotics that are the last line of defense against resistant infections and specifies certain requirements of the stewardship program; (8) Requires specified hospitals to meet the National Health Safety Network requirements for reporting antimicrobial usage or resistance by using the Center for Disease Control's Antimicrobial Use and Resistance (AUR) Module when regulations concerning stage three of Medicare and Medical Electronic Health Record incentive programs established by the Center for Medicare and Medicaid Services that enable the electronic interface for the reporting are effective and specifies the process for when the reporting takes effect; and (9) Requires the department to make a report to the General Assembly beginning January 1, 2017, and on every January 1 thereafter on the incidence, type, and distribution of antimicrobial-resistant infections identified in the state and within regions of the state.

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

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Insurance, Financial Institutions  
and Professional Registration  
Department of Mental Health  
Department of Revenue  
Department of Social Services -  
MO HealthNet Division  
Joint Committee on Administrative Rules  
Office of Administration -  
Division of Budget and Planning  
Information Technology Services Division  
Office of the Secretary of State



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