

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1795-02
Bill No.: HB 759
Subject: Education, Elementary and Secondary: Appropriations; Children and Minors
Type: Original
Date: April 19, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	Less than \$3,000,000	Less than \$3,000,000	Less than \$3,000,000
Total Estimated Net Effect on General Revenue Fund	Less than \$3,000,000	Less than \$3,000,000	Less than \$3,000,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated Fund	\$0 to \$8,000	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0 to \$8,000	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** state there will be no fiscal impact on their agency as a result of this proposed legislation.

Officials from the **Department of Mental Health (DMH)** state that the only service the Division of Mental Retardation and Developmental Disabilities (MRDD) provides to First Steps children is case coordination. This service is exempt from the family co-pay and is not included in the mandatory insurance coverage. DMH assumes that MRDD will continue to bill Medicaid for Targeted Case Management for eligible children and serve those not medicaid eligible under the Division's Maintenance of Effort agreement with the Department of Elementary and Secondary Education. There is no fiscal impact to the Department of Mental Health.

Officials from the **Department of Insurance** estimate 160 insurers and HMOs might be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$0 to \$8,000.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department

will need to request additional staff to handle increase in workload.

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that since the implementation of this proposal effectively begins January 1, 2006, the estimate of revenue generated is as follows:

FY06 Family Fees	\$150,000
FY06 Insurance Reimbursement	<u>\$500,000</u>
FY06 Total	\$650,000

DESE further assumes FY 07 and subsequent years(if all insurance policies include mandated early intervention language) family fees and insurance would be approximately \$3,000,000 per year (approximately 10-12% of total program costs). **Oversight** assumes that, due to the emergency clause, this legislation could go into effect July 1, 2005 and would therefore be effective for the entire FY 06.

According to officials from the **Department of Social Services - Division of Medical Services**, this legislation will have a fiscal impact on the Division of Medical Services. The amount is unknown but greater than \$100,000.

The proposal states that the Department of Social Services shall pay all claims for reimbursement for Medicaid-eligible children to the First Steps system. Division of Medical Services currently reimburses for physical, occupational and speech therapy, and service coordination. If the program remains the same as it is today, there will be an increased cost to Medicaid because there are services that Missouri Medicaid does not cover that are currently covered by DESE. Examples of these services that are not Medicaid covered is family training, counseling and home visits, sign language and cued language services, social work services, registered dietitians and therapist assistants services. Since most of these services are not "medical" services Missouri Medicaid will be unable to draw a federal match on them.

The proposal also states that for those eligible children having other private insurance, the Department of Social Services shall seek insurance reimbursement as appropriate. Division of Medical Services already cost-avoid these services, but it is unknown how many children have other insurance policies that do not cover these services, but as a result of this legislation would be required to reimburse for such services up to \$3,000 per child per calendar year. A cost

savings is expected.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as 12 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$738 for FY 2006. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

This proposal will result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
GENERAL REVENUE			
<u>Savings</u> - Family Fees and Insurance Reimbursements for First Steps Program	\$3,000,000	\$3,000,000	\$3,000,000
<u>Cost</u> -Dept of Social Services/Division of Medical Services - Medicaid Services*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Less than</u> <u>\$3,000,000</u>	<u>Less than</u> <u>\$3,000,000</u>	<u>Less than</u> <u>\$3,000,000</u>

* Expected to exceed \$100,000

INSURANCE DEDICATED FUND

<u>Income</u> - Filing Fees	\$0 to \$8,000	\$0	\$0
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**ESTIMATED NET EFFECT ON
INSURANCE DEDICATED FUND**

	<u>\$0 to \$8,000</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

This proposed legislation establishes the First Steps Program in law, as administered by the Department of Elementary and Secondary Education (DESE). Currently, the program exists as part of DESE's special education plan, authorized through Part C of the federal Individuals with Disabilities Education Act, for children from birth to age three who are assessed as having certain developmental delays.

Under the proposal, DESE will first seek reimbursement from third-party payers, including the Missouri Medicaid Program and private insurance. Beginning January 1, 2006, insurance companies must provide coverage up to \$3,000 a year, for the duration of the program, for speech, physical and occupational therapy, and assistive technology and devices. Use of insurance will not affect any lifetime limits.

The program currently does not charge for its services; however, beginning October 1, 2005, families with incomes that are higher than the Medicaid eligibility level will pay a family cost participation fee on a sliding scale of \$5 to \$100 a month. Moneys collected from the fee and insurance reimbursements will be used to fund the program.

The delivery of program services will be organized on a regional basis as current contracts come up for rebid, with DESE providing oversight. Extra weight will be given to proposals that coordinate with Department of Mental Health facilities and local Senate Bill 40 boards.

The program services will continue to emphasize the family's central role by using coaching approaches and focusing on implementing the child's developmental goals. DESE may continue to use its contracted central finance office for administering the program. The proposal also continues the "child-find" provisions of the current program. A presumptive eligibility

provision and a prohibition on the reduction of state agency-provided medical services is included.


This proposal has an emergency clause.

DESCRIPTION (continued)

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 Elementary and Secondary Education
Department of Mental Health
Department of Social Services
 Division of Medical Services
Department of Insurance
Office of State Treasurer
Office of Secretary of State
 Administrative Rules Division



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Director
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