

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2010-01
Bill No.: HB 736
Subject: Elderly; Medicaid; Pharmacy; Social Services Department
Type: Original
Date: April 20, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Missouri Senior Rx Fund	(\$3,135,585)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$3,135,585)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 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 **Department of Mental Health (DMH)** assume the net fiscal impact to the DMH is zero.

Officials from the **Department of Social Services (DOS)** assume no fiscal impact as a result of this proposal. DOS assumes the Family Support Division will provide the Department of Health and Senior Services with the list of person who become ineligible.

Officials from the **Department of Health and Senior Services (DOH)** state the budget request for Fiscal Year 2006 is for a full program year for the Senior Rx Program, even though the program will end on December 13, 2005 by the sunset in the current legislation. Therefore, sufficient funds should be available in the FY06 budget to absorb the cost of the increased members for the 6 months of July 1, 2005 - December 13, 2005. Further, the DOH assumes the current Senior Rx staff would be sufficient to staff the program.

Potential New Members

--Department of Social Services, Division of Medical Services, estimates 8,860 seniors would be ineligible for Medicaid on July 1, 2005 and would therefore be enrolled in the Senior Rx Program.

CM:LR:OD (12/02)

ASSUMPTION (continued)

--DOH estimates 95% of the 8,860 would choose to stay enrolled in the program and would pay their enrollment fee. The 95% is based on 2004-2005 enrollment experience in which more than 93% of all approved applicants paid their enrollment fee.

--As these members were previously on Medicaid, DOH assumes that these new members would fall within the "Tier 1" income bracket with the \$25 enrollment fee and the \$250 deductible.

Drug Costs

--Estimates of drug utilization and costs were based on those experienced by the Senior Rx Program in fiscal year 2004.

--Only 6 months of drug purchases, costs and rebates are included as the Senior Rx Program is scheduled to sunset on December 13, 2005.

Rebates

--Typically, rebates are collected between 3 - 6 months after the prescription is purchased. DOH assumed continued collection of rebates beyond the December 13, 2005 sunset.

Personnel and Related Costs

--DOH assumes that the current Senior Rx Program staff would be sufficient staff to operate the program with the increase in membership.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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MISSOURI SENIOR Rx FUND

Costs - Department of Health and Senior
Services

Program costs	<u>(\$3,135,585)</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON
MISSOURI SENIOR Rx FUND**

	<u>(\$3,135,585)</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal provides a mechanism for persons who lose their eligibility for Missouri Medicaid Program benefits on July 1, 2005, to be automatically enrolled in the Senior Rx Program. The proposal:

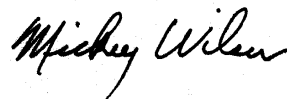
- (1) Requires the Department of Social Services, by August 1, 2005, to provide a list of all individuals 65 years of age or older who lost their Medicaid benefits to the Department of Health and Senior Services;
- (2) Allows recipients to receive a credit toward their deductible for expenses paid for prescription drugs purchased between July 1, 2005, and the date the department was notified of a person's ineligibility for Medicaid benefits;
- (3) Specifies that the Department of Health and Senior Services has 15 days to notify an individual about their benefits and automatic enrollment into the Senior Rx Program; and
- (4) Allows an individual to opt out of the program by either notifying the department in writing or declining to pay the enrollment fee.

The bill contains an emergency clause.

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 Social Services
Department of Health and Senior Services



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