

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0079-01
Bill No.: HB 54
Subject: Medicaid: Social Services Department
Type: Original
Date: January 24, 2007

Bill Summary: This proposal requires prompt processing of Missouri Medicaid Program subrogation claims and requires third-party payers to provide certain information to the Division of Medical Services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	Greater than \$156,584	Greater than \$187,900	Greater than \$187,900
Total Estimated Net Effect on General Revenue Fund	Greater than \$156,584	Greater than \$187,900	Greater than \$187,900

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Federal	Greater than \$130,041	Greater than \$156,050	Greater than \$156,050
Total Estimated Net Effect on <u>All</u> Federal Funds	Greater than \$130,041	Greater than \$156,050	Greater than \$156,050

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** and the **Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Mental Health (DMH)** assume the proposal would provide two years for the Third Party Liability unit at Division of Medical Services (DMS) to try to recoup money from third party payers. This means that insurance companies would be required to pay claims on behalf of Medicaid recipients for two years and requires that DMS be provided with certain information regarding health care benefits per the Health Insurance Portability and Accountability Act (HIPAA). This would increase collections by DMS from third party payers by an unknown amount. DMH collections would not change.

Such changes do not result in a fiscal impact on the Department of Mental Health.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state section 208.215.1 requires health insurance plans to pay on Medicaid subrogation claims up to two years after the date of service. The increase to recoveries is unknown but greater than \$250,000. This will allow DMS to collect recoveries from health insurance plans on claims that currently deny for timely filing, but received within 2 years of the date of service. For FY '08 the cost savings is unknown but greater than \$208,333 (GR \$78,292/Federal \$130,041). The cost savings for FY '08 is for 10 months. For FY '09 and FY '10 the annual savings is unknown but greater than \$250,000 (GR \$93,950/Federal \$156,050). The cost savings for FY '09 and FY '10 is for 12 months.

Section 208.215.7 requires health insurance plans to supply DMS with the information contained in a 270/271 Health Care Eligibility Inquiry and Response standard transaction. The increase to cost avoidance is unknown but greater than \$250,000. Currently DMS encounters difficulty obtaining this information from some health insurance plans. For FY '08 the cost savings is unknown but greater than \$208,333 (GR \$78,292/Federal \$130,041). The cost savings for FY '08 is for 10 months. For FY '09 and FY '10 the annual savings is unknown but greater than \$250,000 (GR \$93,950/Federal \$156,050). The cost savings for FY '09 and FY '10 is for 12 months.

ASSUMPTION (continued)

For FY '08 the total cost savings (including recoveries and cost avoidance) is unknown but greater than \$286,625 (GR \$156,584/Federal \$130,041*). The cost savings for FY '08 is for 10 months. For FY '09 and FY '10 the total annual cost savings is unknown but greater than \$343,950 (GR \$187,900/Federal \$156,050*). The cost savings for FY '09 and FY '10 is for 12 months.

States can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the actual FMAP each year. The FMAP is calculated using economic indicators from state and the nation as a whole. Missouri's FMAP is a 62.42% federal match. The state matching requirement is 37.58%.

*When DMS collects recoveries the division is required to reimburse the Federal government the 62.42% federal match that the Federal government paid when DMS paid the original claim. See below table for summary (including recoveries and cost avoidance).

Summary of Fiscal Impact			
	General Revenue	Federal	Total
FY '08 (10 months)			
Cost Recoveries	\$78,292	\$130,041	\$208,333
Reimburse Federal Government			
-Cost Recoveries	\$0	(\$130,041)	(\$130,041)
Cost Avoidance	\$78,292	\$130,041	\$208,333
Total FY '08 Impact:	\$156,584	\$130,041	\$286,625
FY '09 and FY '10 (12 months)			
Cost Recoveries	\$93,950	\$156,050	\$250,000
Reimburse Federal Government			
-Cost Recoveries	\$0	(\$156,050)	(\$156,050)
Cost Avoidance	\$93,950	\$156,050	\$250,000
Total FY '09 and FY '10 Impact (each):	\$187,900	\$156,050	\$343,950

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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GENERAL REVENUE FUND

<u>Savings - Department of Social Services</u> Program Savings	<u>Greater than</u> <u>\$156,584</u>	<u>Greater than</u> <u>\$187,900</u>	<u>Greater than</u> <u>\$187,900</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Greater than</u> <u>\$156,584</u>	<u>Greater than</u> <u>\$187,900</u>	<u>Greater than</u> <u>\$187,900</u>
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FEDERAL FUNDS

<u>Savings - Department of Social Services</u> Program Savings	<u>Greater than</u> <u>\$260,082</u>	<u>Greater than</u> <u>\$312,100</u>	<u>Greater than</u> <u>\$312,100</u>
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<u>Costs - Department of Social Services</u> Program Cost	<u>(Greater than</u> <u>\$130,041)</u>	<u>(Greater than</u> <u>\$156,050)</u>	<u>(Greater than</u> <u>\$156,050)</u>
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ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>Greater than</u> <u>\$130,041</u>	<u>Greater than</u> <u>\$156,050</u>	<u>Greater than</u> <u>\$156,050</u>
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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2008</u> <u>(10 Mo.)</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<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.

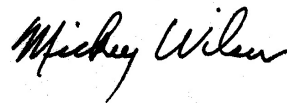
FISCAL DESCRIPTION

This legislation requires all entities to process and pay all properly submitted Missouri Medicaid Program subrogation claims for a period of two years from the date service was provided. The Division of Medical Services within the Department of Social Services can request all third-party payers to provide information contained in a 270/271 Health Care Eligibility Benefit Inquiry and Response standard transaction mandated under the federal Health Insurance Portability and Accountability Act (HIPAA).

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 Health and Senior Services
Department of Social Services
Department of Mental Health
Department of Insurance, Financial Institutions and Professional Registration

A handwritten signature in black ink, reading "Mickey Wilson". The signature is fluid and cursive, with the first name "Mickey" and last name "Wilson" clearly distinguishable.

Mickey Wilson, CPA
Director
January 24, 2007