

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1085-01  
Bill No.: HB 447  
Subject: Health Care; Medicaid; Social Services Department  
Type: Original  
Date: February 5, 2007

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Bill Summary: This proposal requires Medicaid reimbursement to providers to be in an amount sufficient to cover the reasonable costs of providing such services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

☐ 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
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services (DHSS)** assumes the Department of Social Services (DSS) will calculate the fiscal impact associated with any Medicaid rate adjustments under the new requirements. DHSS assumes that in order to determine the appropriate reimbursement rate for In-Home services, providers would have to provide an independently audited financial statement showing their costs. DHSS assumes that DSS will calculate the fiscal impact for conducting and reviewing audit reports to ensure providers receive proper reimbursement for services.

The Division of Senior and Disability Services (DSDS) provides home and community based services to individuals outside the Medicaid program, through the Non-Medicaid Eligible consumer-directed services program (NME) and the DHSS State Only Program (also known as Social Services Block Grant or SSBG/GR program) for individuals who meet certain criteria. It has been DSDS's policy to reimburse for these services at the same rate as Medicaid reimbursements. Since the non-Medicaid programs administered by DSDS are subject to appropriation, no rate increase can be given without an increase in the appropriations or a reduction in the number of clients served.

In FY 2006, DSDS expended \$12,552,971 for the NME and the State SSBG/GR programs. Because it is not possible to determine the amount of rate increases that may be implemented, if any, DSDS cannot estimate the amount of additional funding required to implement the proposed language and therefore estimates the cost of this proposal to be \$0-(Unknown). If this legislation resulted in additional rate increases for these non-Medicaid programs, it would have to be funded from General Revenue only, as there is no additional federal funding available.

Officials from the **Department of Mental Health (DMH)** assumes this does not change the existing amount of payments because 208.152.1 already states medical assistance payments should be "...made on the basis of the reasonable cost of care...". Therefore, DMH assumes this proposal would not fiscally impact DMH.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** states this proposal adds a section to Section 208.152, RSMo requiring benefit payments to be in an amount sufficient to cover reasonable costs incurred by providers of care and services.

ASSUMPTION (continued)

Section 208.152, RSMo already requires DMS to define the reasonable costs, manner, extent, quantity, quality, charges and fees of medical assistance. This is done by rule and regulation. Therefore, there will be no fiscal impact.

If 208.152.12. is intended to reimburse all provider types their incurred cost for providing care instead of the DMS defining the reimbursement, there will be a significant increase in Medicaid reimbursement and administrative costs.

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

Costs - Department of Health and Senior Services

Program Cost (SSBG/GR Program)	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>
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Costs - Department of Social Services

Medicaid reimbursement and administrative costs	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>	<u>\$0 or</u> <u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUND**

<u><u>\$0 or</u></u> <u><u>(Unknown)</u></u>	<u><u>\$0 or</u></u> <u><u>(Unknown)</u></u>	<u><u>\$0 or</u></u> <u><u>(Unknown)</u></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
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### FISCAL IMPACT - Small Business

The Department of Health and Senior Services assumes that in order to determine the appropriate reimbursement rate for In-Home services, providers would have to provide an independently audited financial statement showing their costs. This would create a cost for the agencies as they would have to pay to have this done.

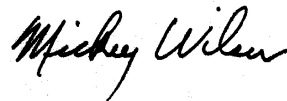
### FISCAL DESCRIPTION

This legislation requires that Missouri Medicaid Program benefit payments be of a sufficient amount to cover the reasonable cost of the services provided.

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



Mickey Wilson, CPA  
Director  
February 5, 2007