

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1851-02
Bill No.: HB 878
Subject: Health Care; Health, Public; Physicians; Taxation and Revenue - General
Type: Original
Date: March 5, 2007

Bill Summary: This proposal creates the Missouri healthcare access fund to provide a funding source for areas of designated need.

The provisions of the bill will expire six years from the effective date.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)	\$0 to (\$10,000,000)

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

*Assume potential transfer in-gifts, grants, or donations of \$10M, appropriations of \$5M and disbursements of \$15M would net to \$0.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

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

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 **Office of the State Treasurer, Missouri House of Representatives** and the **Missouri Senate** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Administration - Budget and Planning** assume the proposal creates a tax credit for individual taxpayers for qualifying donations made to the new fund. The proposal limits the amount of tax credits issued in any single fiscal year to \$5M. Therefore, general and total state revenues may be reduced by this amount annually beginning in FY08.

Officials from the **Office of the Secretary of State (SOS)** state 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 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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services (DSS)** state since the Department of Health and Senior Services determines which facilities are eligible and the Department of Revenue administers the tax credit, there is no direct fiscal impact to the DSS.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** states this proposal establishes the Missouri Healthcare Access Fund and specifies the state of Missouri shall provide matching moneys from the general revenue fund equaling one-half of the amount deposited into the fund, limited to five million dollars annually. The Department has no way of determining how much money will be deposited into the Missouri Healthcare Access Fund through gifts, donations, and other devises. Therefore, the cost to General Revenue will range from \$0 to \$5,000,000 annually.

This proposal authorizes DHSS to designate eligible facilities in an area of defined need and approve disbursements from the fund to any eligible facility to attract and recruit health care professionals and other necessary personnel, to purchase or rent facilities, to pay for facility expansion or renovation, to purchase office and medical equipment, to pay personnel salaries, or to pay any other costs associated with providing primary healthcare services to the population in the facility's area of defined need. The DHSS's PRIMO program already performs similar work and therefore, the Department believes existing staff can absorb the additional workload. Since the amount of revenue deposited into the fund remains unknown, DHSS has no way to determine how much funding will be disbursed to healthcare areas of defined need. If this legislation results in a significant amount of new workload that the Department determines cannot be absorbed by existing staff, funds to support the program would be sought through the appropriations process.

Officials from the **Department of Revenue (DOR)** assume this legislation establishes a new tax credit with carry-forward provisions. Personal Tax would require 1 Tax Processing Technician I for every 4,000 credits claimed.

Due to the Statewide Information Technology Consolidation, the department's response to a proposal will now also reflect the cost estimates prepared by OA-IT for impact to the various systems. As a result, the impact shown may not be the same as previous fiscal notes submitted. In addition, if the legislation is Truly Agreed to and Finally Passed the OA-IT costs shown will be requested through appropriations by OA-IT.

Office of Administration Information Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 4 existing CIT III for 2 months at a rate of \$33,488.

ASSUMPTION (continued)

Oversight assumes there will be less than 4,000 individuals that will apply for the tax credit. Therefore, DOR will not require an additional FTE as a result of this proposal.

Oversight assumes there would be some positive economic benefit to the state as a result of the changes in this proposal, however, Oversight considers these benefits to be indirect and therefore, have not reflected them in the fiscal note.

This proposal could reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Transfer Out - Department of Health and Senior Services</u>	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
Transfer to the Missouri Healthcare Access Fund*	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>
<u>Loss - Department of Revenue</u>	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
Tax Credits	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>
NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
	<u>(\$10,000,000)</u>	<u>(\$10,000,000)</u>	<u>(\$10,000,000)</u>

**MISSOURI HEALTHCARE ACCESS
 FUND**

Transfer In - Appropriations, gifts, grants,
 or donations*

<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
<u>\$15,000,000</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>

Costs - Department of Health and Senior
 Services

Disbursements

<u>\$0 to</u>	<u>\$0 to</u>	<u>\$0 to</u>
<u>(\$15,000,000)</u>	<u>(\$15,000,000)</u>	<u>(\$15,000,000)</u>

**ESTIMATED NET EFFECT ON
 MISSOURI HEALTHCARE ACCESS
 FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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*Assume potential transfers in-gifts, grants, or donations of \$10M, appropriations of \$5M and disbursements of \$15M would net to \$0.

FISCAL IMPACT - Local Government

FY 2008
 (10 Mo.)

FY 2009

FY 2010

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

This proposal establishes the Missouri Healthcare Access Fund that will provide disbursements to any eligible facility to attract and recruit health care professionals and other necessary personnel, to purchase or rent facilities, to pay for facility expansion or renovation, to purchase office and medical equipment, to pay personnel salaries, or to pay any other costs associated with providing primary healthcare services to the population in the facility's area of defined need.

FISCAL DESCRIPTION

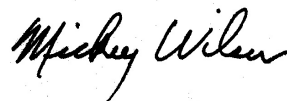
This legislation creates the Missouri Healthcare Access Fund to be used to expand healthcare services in state and federally designated areas with healthcare shortages. The Department of Health and Senior Services has the authority to designate eligible facilities in an area of defined need and is required to re-evaluate eligible facilities every six years. Beginning January 1, 2007, individuals making a donation in excess of \$100 to the fund will be eligible for a tax credit.

The provisions of the bill will expire six years from the effective date.

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

Office of Administration - Budget and Planning
Department of Health and Senior Services
Department of Revenue
Department of Social Services
Missouri House of Representatives
Missouri Senate
Office of the Secretary of State
Office of the State Treasurer



Mickey Wilson, CPA
Director
March 5, 2007