

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3430-01
Bill No.: HB 1414
Subject: Drugs and Controlled Substances; Health Care; Pharmacy; Department of Social Services
Type: Original
Date: March 12, 2008

Bill Summary: This legislation expands eligibility for the Missouri Rx Plan to retired persons 65 years of age or older with incomes of up to \$25,000 for individual and \$50,000 for married couples.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$50,104,700 to \$66,839,600)	(\$60,145,640 to \$80,227,520)	(\$60,145,640 to \$80,227,520)
Total Estimated Net Effect on General Revenue Fund	(\$50,104,700 to \$66,839,600)	(\$60,145,640 to \$80,227,520)	(\$60,145,640 to \$80,227,520)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** states the DMH has recently started participating in the Missouri Rx Plan. It is uncertain how much additional revenues will be collected from Missouri Rx because of the expanded eligibility. DMH assumes additional revenues will be unknown, but less than \$100,000.

Officials from the **Department of Social Services - Family Services Division** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Social Services - Division of Legal Services** state as this proposal is expanding coverage the impact on the Division would likely be minimal.

Officials from the **Department of Social Services - MO HealthNet Division (MHD)** state for the purpose of this fiscal note, MHD used the OSEDA Household Income reports to calculate the number of individuals who did not already qualify for the MoRx benefit and met the new guidelines of income: for individuals, income at or below \$25,000 (200% - 255% of FPL); and for married couples, income at or below \$50,000 (200% - 255% of FPL).

There were 14,684 single individuals enrolled in Medicare meeting the income limit and 66,791 married individuals enrolled in Medicare meeting the income limit. Of these, 79% (64,365) would not have TriCare or other creditable coverage.

Based on current data, the PMPM for each individual was calculated at \$104. This gives an estimated annual cost of \$80,327,520 (64,365 X \$104 X 12 months). It was assumed that between 75% and 100% of the eligible population would utilize this benefit, giving the range of \$60,245,640 to \$80,327,520.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Income - Department of Mental Health</u>			
Increase in Revenues	Unknown but less than \$100,000	Unknown but less than \$100,000	Unknown but less than \$100,000
<u>Costs - Department of Social Services</u>			
Increase in Eligibility	<u>(\$50,204,700 to \$66,939,600)</u>	<u>(\$60,245,640 to \$80,327,520)</u>	<u>(\$60,245,640 to \$80,327,520)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$50,104,700 to \$66,839,600)</u>	<u>(\$60,145,640 to \$80,227,520)</u>	<u>(\$60,145,640 to \$80,227,520)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

It could increase revenues for pharmacies as more people would qualify for assistance in purchasing their medications.

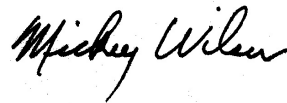
FISCAL DESCRIPTION

The proposed legislation expands eligibility for the Missouri Rx Plan to include retired Missouri residents 65 years of age or older with annual incomes up to \$25,000 for individuals and \$50,000 for married couples.

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 Health and Senior Services
Department of Social Services
 Family Services Division
 Division of Legal Services
 MO HealthNet Division

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 12, 2008