

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3464-01  
Bill No.: HB 2423  
Subject: Health Care; Health Care Professionals; Nurses  
Type: Original  
Date: April 14, 2008

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Bill Summary: This legislation provides MO HealthNet benefits to be paid for home nursing visits for newborn infants.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown but Greater than \$100,067)	(Unknown but Greater than \$92,381)	(Unknown but Greater than \$96,539)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown but Greater than \$100,067)</b>	<b>(Unknown but Greater than \$92,381)</b>	<b>(Unknown but Greater than \$96,539)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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 7 pages.

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

\*Income and costs of Unknown in FY09, Unknown but Greater than \$158,586 in FY10 and Unknown but Greater than \$165,722 in FY11 would net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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)** assume because the DMH does not provide home nursing visits, this proposal would not fiscally impact the DMH.

Officials from the **Department of Social Services (DSS)** assume the proposal requires services that can be defined as medically necessary as well as services that are not medically necessary. The MO HealthNet Division (MHD) already reimburses for services that are medically necessary and some services with other specific criteria but does not reimburse for non-medically necessary services.

#### *Medically Necessary Services or Services With Other Specific Criteria:*

MHD already provides home visits for medically fragile infants, low birth weight infants, infants diagnosed with failure to thrive and mothers with substance abuse diagnoses. Current programs are the Maternity and Post Discharge Home Visit program; the Healthy Children and Youth program; and the Children's Services Home Health program. In addition, the Department of Mental Health (DMH) provides substance abuse treatment through the Comprehensive Substance Treatment and Rehabilitation (CSTAR) program which is reimbursed by MHD. With the exception of the Maternity and Post-Discharge and CSTAR programs Home Health services must be medically necessary.

The Maternity and Post Discharge Home Visit program allows a minimum of two visits, at least one of which shall be in the home in accordance with maternal and neonatal physical assessments by a registered nurse. This program is available for mothers whose hospital stay was less than 48 hours for a vaginal delivery or less than 96 hours for a cesarean section delivery.

The Healthy Children and Youth (HCY) Program offers Home Health services through the 1989 OBRA mandate expanding Medicaid services for children based on solely documented medical need.

The Children's Services Home Health program provides services for low birth weight babies and babies diagnosed with failure to thrive. These services are solely for medical need and are not reimbursable for social or emotional issues that may affect the participant's medical condition. Services include up to twelve visits over eight weeks without regard to homebound status and

possible additional services based on certain criteria.

ASSUMPTION (continued)

In addition, CSTAR services are available through the DMH and reimbursed by the MHD. CSTAR provides a specialized substance abuse treatment program for women and their children with services offered with or without residential support in accordance with eligibility criteria. Priority is given to women who are pregnant, postpartum or have children in their care or custody.

Since these services are already available to MO HealthNet participants who meet either the medically necessary criteria or other specific criteria it is assumed there will be no additional fiscal impact unless there is increased utilization of these services. If there is an increase in utilization then an unknown cost is assumed.

Non-Medically Necessary Services:

Services that are non-medically necessary are not covered under current programs. Therefore, there will be a fiscal impact for those services. At-risk infants or their mothers for whom services may not be available would have to receive services through a referral to another agency or program or under a waiver program through MO HealthNet.

For the sake of perspective if only one percent of the infants eligible for MO HealthNet born in 2006 met the at-risk descriptions in the proposal aside from the medically fragile definitions there would be about 380 infants eligible annually for these non-medically necessary services. This minimum estimate is based on the number of infants born in Missouri who were MO HealthNet eligible in 2006 ( $37,965 \times 1\% = 380$ ). It is assumed that this would be the fewest number of children who would participate.

It is assumed that these infants would receive five skilled nurse visits every twelve months for the two years they are in the program. This estimate is based on historical data published by existing programs in the private sector. It is further assumed that these 380 infants would remain in the program for two years and then exit the program. It is also assumed that in each successive year of the program a new group of 380 infants would enter the program. Therefore, in the first year of the program there would be a minimum of 380 infants and in subsequent years there would be a minimum of 760 ( $380 \times 2 = 760$ ) infants participating. Skilled nurse home visits are currently reimbursed at a rate of \$63.27 per visit (15 minutes to 3 hours).

The FY09 cost includes five skilled nurse visits for 380 infants for the first twelve months of their participation in the program for a total cost in the first year of \$100,067. Since this is the fewest number of infants expected in the program and the utilization is not definitely known the

cost will be unknown greater than \$100,067.

ASSUMPTION (continued)

The FY10 cost includes five skilled nurse visits for the 380 infants from the previous year (their second twelve months of participation) as well as all first year costs for the new group of 380 infants. The cost would be unknown greater than \$250,967.

The FY11 cost includes five skilled nurse visits for the 380 infants from the previous year (their second twelve months of participation) as well as all first year costs for the new group of 380 infants. The cost would be unknown greater than \$262,261.

It is assumed that the DSS will apply for a Section 1115 demonstration waiver to implement the portion of this program that requires non-medically necessary services and that DSS will receive a federal match for those services.

Total costs: FY09 (10 months) unknown greater than \$100,067 (\$36,835 GR); FY10 cost is unknown greater than \$250,967 (\$92,381 GR); and FY11 total cost is unknown greater than \$262,261 (\$96,539 GR). A 4.5% inflation factor was applied to FY10 and FY11 costs.

**Oversight** notes that 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 for FY09 is a 63.19% federal match. The state matching requirement is 36.81%.

**Oversight** assumes there will be no federal funds available for the non-medically necessary services in FY09 because of the time it will take DOS to apply for and get approval for a Section 1115 demonstration waiver.

FISCAL IMPACT - State Government

FY 2009  
(10 Mo.)

FY 2010

FY 2011

**GENERAL REVENUE FUND**

Costs - Department of Social Services  
 Program Costs

(Unknown but  
Greater than  
\$100,067)

(Unknown but  
Greater than  
\$92,381)

(Unknown but  
Greater than  
\$96,539)

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**

**(Unknown but**  
**Greater than**  
**\$100,067)**

**(Unknown but**  
**Greater than**  
**\$92,381)**

**(Unknown but**  
**Greater than**  
**\$96,539)**

**FEDERAL FUNDS**

Income - Department of Social Services  
 Federal Assistance

Unknown

Unknown but  
 Greater than  
 \$158,586

Unknown but  
 Greater than  
 \$165,722

Costs - Department of Social Services  
 Program Costs

(Unknown)

(Unknown but  
Greater than  
\$158,586)

(Unknown but  
Greater than  
\$165,722)

**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

**\$0**

**\$0**

**\$0**

FISCAL IMPACT - Local Government

FY 2009  
(10 Mo.)

FY 2010

FY 2011

**\$0**

**\$0**

**\$0**

### FISCAL IMPACT - Small Business

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

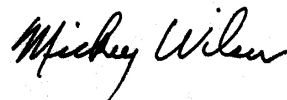
### FISCAL DESCRIPTION

This legislation adds home nursing visits and follow-up care as needed until an infant's second birthday for certain at-risk newborns to the list of covered services under the MO HealthNet Program. The MO HealthNet Division within the Department of Social Services is required to request the appropriate waivers or state plan amendments from the federal Department of Health and Human Services to provide these services.

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



Mickey Wilson, CPA  
Director  
April 14, 2008