

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4824-02
Bill No.: HCS for HB 1933
Subject: Public Assistance; Medicaid; Department of Social Services
Type: Original
Date: April 11, 2008

Bill Summary: This legislation adds medically necessary home telemonitoring services to the list of services to be provided under the MO HealthNet program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$352,952)	(\$423,543)	(\$423,543)
Total Estimated Net Effect on General Revenue Fund	(\$352,952)	(\$423,543)	(\$423,543)

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
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of \$605,898 in FY09 and \$727,077 in FY10 & FY11 would net to \$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 Mental Health (DMH)** assume DMH would not pay for home telemonitoring services (typically a cardiac service) for DMH clients. Therefore, the proposal has no fiscal impact on the DMH.

Officials from the **Department of Health and Senior Services (DHSS)** assume the proposed legislation would add medically necessary home telemonitoring services to the list of covered services under the MO HealthNet program. DHSS assumes the Department of Social Services will calculate the fiscal impact associated with the cost of adding telemonitoring services.

For the purposes of this estimate, DHSS assumes no fiscal impact associated with this legislation. However, if, at a later time, DHSS finds there is a fiscal impact, funding would be sought through the appropriations process.

Officials from the **Department of Social Services** states the MO HealthNet Division (MHD) currently provides telemonitoring service for selected counties. The current appropriation is \$800,000. The number of participants in the selected counties is 344,648. If MHD expanded services to all Missouri counties, the Division assumes the increase in expenditures would be proportional to the increase in participants subject to appropriation.

If telemonitoring services were expanded to the entire MO HealthNet population of 840,605 participants, the cost would be \$1,950,204 ($\$800,000 \text{ current cost} / 344,648 \text{ current eligibles} = \$2.32 \text{ cost per eligible}$. $840,605 \times \$2.32 = \$1,950,204$).

Total Medicaid participants were used to calculate the fiscal impact because it is unknown if the current appropriation will be extended to FY09.

Oversight has, for fiscal note purposes only, calculated the fiscal impact based on new eligibles being served. $\$1,150,620 (840,605 - 344,648 = 495,957. 495,957 \times \$2.32)$.

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%.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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GENERAL REVENUE FUND

<u>Costs</u> - Department of Social Services			
Expand Telemonitoring Program Cost	<u>(\$352,952)</u>	<u>(\$423,543)</u>	<u>(\$423,543)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$352,952)</u>	<u>(\$423,543)</u>	<u>(\$423,543)</u>
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FEDERAL FUNDS

<u>Income</u> - Department of Social Services			
Federal Assistance	\$605,898	\$727,077	\$727,077

<u>Costs</u> - Department of Social Services			
Expand Telemonitoring Program Cost	(\$605,898)	(\$727,077)	(\$727,077)

ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

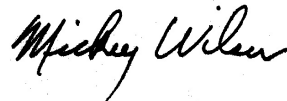
FISCAL DESCRIPTION

The proposed legislation adds medically necessary home telemonitoring services to the list of covered services under the MO HealthNet Program. An electronic web-based prior authorization system using guidelines consistent with national standards will be used to verify the medical need.

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

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

Mickey Wilson, CPA
Director
April 11, 2008