

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2380-04
Bill No.: HCS for HB 1129
Subject: Health Care; Health Department; Medicaid
Type: Original
Date: April 14, 2009

Bill Summary: This legislation establishes a federal reimbursement allowance for in-home services.

The provisions of the bill will expire September 30, 2015.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown but Greater than \$24,725)	(Unknown but Greater than \$30,547)	(Unknown but Greater than \$31,463)
Total Estimated Net Effect on General Revenue Fund	(Unknown but Greater than \$24,725)	(Unknown but Greater than \$30,547)	(Unknown but Greater than \$31,463)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
In-Home Services Reimbursement Allowance*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Income and costs of approximately Unknown in FY10, FY11 and FY12 would net to \$0.
Numbers within parentheses: () indicate costs or losses. This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and costs of approximately Unknown but Greater than \$24,725 in FY10, Unknown but Greater than \$30,547 in FY11 and Unknown but Greater than \$31,463 in FY12 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	.5 FTE	.5 FTE	.5 FTE
Federal	.5 FTE	.5 FTE	.5 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

☐ 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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Sections 208.1000 - 208.1040:

Officials from the **Office of the Missouri State Treasurer** assume the proposal would have no fiscal impact on their agency.

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 Health and Senior Services** assumes Section 208.1005 states that each in-home services provider in the state shall pay an in-home services reimbursement allowance for the privilege of engaging in the business of providing in-home services in this state. Federal regulation, 42 CFR 433.55, defines health-care related taxes, including that they apply only to "health care services" and "health care providers" as defined in 42 CFR 433.56. In-home-services providers are not included on the list of "health care services and providers". In addition, Federal regulation 42 CFR 433.56 (19) lists "Other health care items or services not listed above on which the State has enacted a licensing or certification fee", as being eligible for a health-care related tax. In-home services are not licensed and are exempt from falling under this category. It is the opinion of the Department that because in-home providers are not included on the list of "health care services and providers", that a federal reimbursement allowance would be in violation of Federal regulation. Therefore, DHSS has determined the cost of this fiscal note to be unknown.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DSS)** state this legislation requires in-home services providers who receive compensation for in-home services to pay a reimbursement allowance tax for the privilege of engaging in the business of providing services in Missouri. The MO HealthNet Division (MHD) must obtain approval from the federal Centers for Medicare and Medicaid Services (CMS) for the federal reimbursement allowance. At a minimum, MHD must submit for CMS's review and approval a Medicaid state plan amendment for the in-home services program. Approval of such an amendment is unlikely since in-home services providers are not a class of health care providers that can be taxed according to federal regulation (42 CFR 433.56).

However, if the state plan amendment was approved the tax would be similar to other provider taxes currently imposed on hospitals, nursing homes, pharmacies and managed care organizations. The assessment is general revenue equivalent and earns federal dollars when used to make valid Medicaid payments.

The MHD will need 1 full time equivalent staff to administer this reimbursement allowance program. This staff will establish the annual tax, perform monthly or cycle billings, reconcile receivables, handle appeals of tax amounts, and review quarterly tax adjustment requests. This staff person will also have frequent correspondence and communication with the in-home services provider regarding their assessments, payments, and other inquiries.

The FTE staff needed would be hired as an Auditor I the first year and would promote to an Auditor II in the subsequent years. The costs associated with this employee include their salary, equipment and expenses. Administrative costs receive a 50% match rate.

FY10 Total cost is \$48,211 (\$24,105 GR);
FY11 Total cost is \$57,620 (\$28,810 GR); and
FY12 Total cost is \$59,348 (\$29,674 GR).

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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GENERAL REVENUE FUND

<u>Costs</u> - Department of Health and Senior Services	(Unknown)	(Unknown)	(Unknown)
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<u>Costs</u> - Department of Social Services			
Personal Service	(\$14,337)	(\$20,988)	(\$21,618)
Fringe Benefits	(\$6,530)	(\$9,281)	(\$9,559)
Equipment and Expense	<u>(\$3,428)</u>	<u>(\$278)</u>	<u>(\$286)</u>
<u>Total Costs - DSS</u>	<u>(\$24,725)</u>	<u>(\$30,547)</u>	<u>(\$31,463)</u>
FTE Change - DSS	.5 FTE	.5 FTE	.5 FTE

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown but Greater than \$24,725)</u>	<u>(Unknown but Greater than \$30,547)</u>	<u>(Unknown but Greater than \$31,463)</u>
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Estimated Net FTE Change for General Revenue Fund	.5 FTE	.5 FTE	.5 FTE
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**IN-HOME SERVICES
REIMBURSEMENT ALLOWANCE
FUND**

<u>Income</u> - Department of Social Services	Unknown	Unknown	Unknown
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<u>Costs</u> - Department of Social Services	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT ON IN-
HOME SERVICES
REIMBURSEMENT ALLOWANCE
FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FEDERAL FUNDS

Income - Department of Health and Senior Services

Federal Assistance	Unknown	Unknown	Unknown
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Income - Department of Social Services

Federal Assistance	\$24,725	\$30,547	\$31,463
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Costs - Department of Health and Senior Services

	(Unknown)	(Unknown)	(Unknown)
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Costs - Department of Social Services

Personal Service	(\$14,767)	(\$20,988)	(\$21,618)
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Fringe Benefits	(\$6,530)	(\$9,281)	(\$9,559)
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Equipment and Expense	(\$3,428)	(\$278)	(\$286)
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<u>Total Costs - DSS</u>	<u>(\$24,725)</u>	<u>(\$30,547)</u>	<u>(\$31,463)</u>
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FTE Change - DSS	.5 FTE	.5 FTE	.5 FTE
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ESTIMATED NET EFFECT ON FEDERAL FUNDS

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net FTE Change for Federal Funds

	.5 FTE	.5 FTE	.5 FTE
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FISCAL IMPACT - Local Government

	FY 2010 (10 Mo.)	FY 2011	FY 2012
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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

Sections 208.1000 - 208.1040:

The proposed legislation authorizes a federal reimbursement allowance for in home services. "In-home services" are defined as homemaker services, personal care services, chore services, respite services, consumer-directed services, and services required to keep children out of the hospital under a plan of care created by a physician. Each in-home services provider will be required to pay an in-home services reimbursement allowance based on a formula established by the Department of Social Services.

Each in-home services provider who is subject to the provisions of the legislation is required to register with the Department of Health and Senior Services and to keep records necessary to determine the total payments received for providing in-home services. Each provider is required to report the total payments received to the Department of Social Services. The Department of Health and Senior Services must provide the Department of Social Services with a list of all registered in-home services providers.

The Department of Social Services is required to determine and notify each provider of the amount of tax due. The tax may be adjusted quarterly on a prospective basis or more frequently for certain providers if the department identifies the need. If requested by the in-home services provider, the department may offset the tax owed against any MO HealthNet Program payment due the provider.

The In-Home Services Reimbursement Allowance Fund is created to provide payment to in-home services providers. All investment earnings of the fund must be credited to the fund.

For an in-home services provider with a tax due of more than 90 days, the Department of Social Services is required to send notification of the tax due. If a provider fails to pay its tax within 30 days of the notice, the tax is considered delinquent and the department may proceed with a lien against the provider's property; deny, suspend, or revoke his or her license; and cancel or refuse to issue, extend, or reinstate his or her MO HealthNet provider agreement.

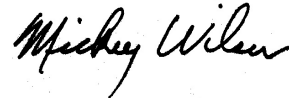
The provisions of the bill will be effective upon authorization by the federal Centers for Medicare and Medicaid Services for a federal reimbursement allowance for in-home services.

The provisions of the bill will expire September 30, 2015.

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
Office of the Secretary of State
Office of the Missouri State Treasurer
Department of Social Services

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

Mickey Wilson, CPA
Director
April 14, 2009