

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1444-01
Bill No.: HB 551
Subject: Medicaid; Physicians; Public Assistance
Type: Original
Date: May 5, 2015

Bill Summary: This proposal sets a reimbursement rate for primary care physicians under Medicaid and requires MO HealthNet to contract with a third party for eligibility verification.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$18,782,100) to \$1,025,136	Up to \$2,050,272	Up to \$2,050,272
Total Estimated Net Effect on General Revenue	(\$18,782,100) to \$1,025,136	Up to \$2,050,272	Up to \$2,050,272

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income, savings, costs, and loss net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to similar legislation from the current session (SB 151), agencies provided the following assumptions:

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** assumed that section 208.152.12 is reinstating the Affordable Care Act Primary Care Rate Increases for FY16 only. The total cost for this is subject to appropriations, \$0 to \$61,450,535 (GR \$22,538,520; Federal \$38,912,015).

Section 208.201.7 requires MO HealthNet to procure a contract no later than January 1, 2016, to verify eligibility for assistance using the name, date of birth, address, and Social Security number of each applicant and recipient against public records. MO HealthNet assumes the current TPL (Third Party Liability) and Fund Recovery contract could be amended, at a cost of 14%, which is the prevailing fee for special projects. The estimated recoveries could be up to \$6.5 million, for a net savings of \$5,590,000 [$\$6,500,000 \times (100\% - 14\% \text{ fee} = 86\% \text{ to state}) = \$5,590,000$] (\$2,050,272 GR; \$3,539,728 Federal). The FY 2016 cost/savings is for 6 months, as the contractor shall be procured no later than January 1, 2016.

Oversight will present the cost/savings for FY 2016 from the maximum cost of \$18,782,100 (for 10 months and assumes no savings) up to the maximum savings of \$1,025,136 (assumes no appropriation for increasing primary care provider reimbursement).

Officials from the **Department of Health and Senior Services, the Department of Mental Health** and the **Office of Administration , Division of Purchasing and Materials Management** each assumed the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (6 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Savings</u> - DSS-MHD (§208.201)			
Recovery from eligibility verifications	Up to \$1,192,019	Up to \$2,384,037	Up to \$2,384,037
<u>Costs</u> - DSS-MHD (§208.201)			
Increase in contract fees for modification to do eligibility verifications	(\$166,883)	(\$333,765)	(\$333,765)
<u>Costs</u> - DSS-MHD (§208.152.12)			
State share of Primary Care Service rate increase for FY 2016 only (10 months) - subject to appropriation	\$0 to (\$18,782,100)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$18,782,100)</u> <u>to \$1,025,136</u>	<u>Up to</u> <u>\$2,050,272</u>	<u>Up to</u> <u>\$2,050,272</u>
FEDERAL FUNDS			
<u>Income</u> - DSS-MHD			
Increase in program reimbursements (§208.152.12) (10 months)	\$0 to \$32,426,679	\$0	\$0
Increase in program reimbursements (§208.201)	\$288,117	<u>\$576,236</u>	<u>\$573,236</u>
Total <u>Income</u> - DSS-MHD	<u>\$288,117 to</u> <u>\$32,714,796</u>	<u>\$576,236</u>	<u>\$573,236</u>
<u>Savings</u> - DSS-MHD			
Reduction in program expenditures due to verification of eligibility (§208.201)	Up to <u>\$2,057,981</u>	Up to <u>\$4,115,964</u>	Up to <u>\$4,115,964</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016 (6 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS (continued)			
<u>Costs - DSS-MHD</u>			
Increase in program expenditures (\$208.152.12) (10 months)	\$ 0 to (\$32,426,679)	\$0	\$0
Increase in program expenditures (\$208.201)	(\$288,117)	(\$576,236)	(\$576,236)
Total <u>Costs</u> - DSS-MHD	(\$288,117) to (\$32,714,796)	(\$576,236)	(\$576,236)
<u>Loss - DSS-MHD</u>			
Reduction in program reimbursements due to verification of eligibility	(Up to \$2,057,981)	(Up to \$4,115,964)	(Up to \$4,115,964)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2016 (10 Mo.)	 FY 2017	 FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have a direct positive fiscal impact on small business primary care physicians who participate in the MO HealthNet program during FY 2016.

FISCAL DESCRIPTION

This proposal requires that during the 2016 fiscal year, primary care physicians providing Medicaid services shall be reimbursed at the same rate as those providing Medicare services. This provision is subject to an appropriation for such purpose.

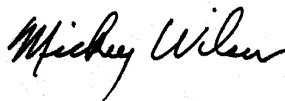
FISCAL DESCRIPTION (continued)

By January 1, 2016, the MO HealthNet Division is required to contract with a private vendor to verify that eligibility requirements are being met by Medicaid recipients. The Division will retain final determination of eligibility. The Division and the contractor are required to file a quarterly report with the Governor and the General Assembly regarding the work of the contractor.

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
Department of Mental Health
Department of Social Services -
 Mo HealthNet Division
Office of Administration -
 Division of Purchasing and Materials Management



Mickey Wilson, CPA
Director
May 5, 2015

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Assistant Director
May 5, 2015