

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2127-01
Bill No.: HB 1064
Subject: Veterans; Elderly; Nursing Homes and Long-Term Care Facilities
Type: Original
Date: April 9, 2019

Bill Summary: This proposal authorizes the issuance of residential care vouchers to certain veterans.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Veterans Home Capital Improvement Trust (0304)	Up to or could exceed (\$263,500,000)	Up to or could exceed (\$263,500,000)	Up to or could exceed (\$263,500,000)
Total Estimated Net Effect on <u>Other</u> State Funds	Up to or could exceed (\$263,500,000)	Up to or could exceed (\$263,500,000)	Up to or could exceed (\$263,500,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§42.145 - Residential care vouchers to certain veterans

Officials from the **Department of Public Safety - Veterans' Commission (MVC)** originally stated the estimated fiscal impact is approximately \$7,500,000,000 - based upon long term care instead of on short-term illness or recuperation. There are approximately 442,000 veterans living in the state of Missouri, with 45 percent or 198,900 ($442,000 \times 0.45$) being over the age of 65. The current monthly rate of veteran care is approximately \$3,150 per veteran or an annual cost of \$37,800 ($\$3,150 \times 12$) ($\$37,800 \times 198,900 \times 7.5$ billion). Unless the privately-owned long-term care facility has obtained certification from the Federal Veterans Affairs (VA), the care facility will not be eligible to receive the federal daily cost of care as provided by the federal VA. The fiscal impact of this legislation would be supported using 100 percent state funding. At this time, the Missouri Veterans Commission does not receive sufficient state funding to support additional funding requirements. The state dollars received by MVC to support state statutory requirements is transferred from gaming commission proceeds which has been declining by approximately five percent a year for more than six years, and current revenue projections indicate that the decline will continue indefinitely. Additional state funding would be required for the Missouri Veterans Commission to comply with this legislation.

Upon Oversight inquiry regarding the definition of residential care facility as used in the proposal, the MVC stated data is not captured to reflect how many veterans seek temporary care so there is no way to determine the estimated cost. Daily cost of care is approximately \$200 depending on the area. Seniorliving.org Long-term care is not limited to the elderly; in fact, 43% of individuals seek rehabilitation care after surgery or when recovering from an illness. Rehab Select web site, indicated that the average length of stay was 20 days for short term stay/rehabilitation but that some only require care for 7-14 days. If 43% of the 442,000 (190,060) veterans in MO seek private short-term care for 7 to 20 days the cost would be \$266 million ($190,060 \times \200×7 days) to \$761 million ($190,060 \times \200×20 days).

Oversight notes Chapter 198.006 defines residential care facility as any premises, other than an assisted living facility, intermediate care facility, or skilled nursing facility, which is utilized by its owner, operator or manager to provide twenty-four hour care to three or more residents, who are not related within the fourth degree of consanguinity or affinity to the owner, operator, or manager of the facility and who need or are provided with shelter, board, and with protective oversight, which may include storage and distribution or administration of medication and care during short-term illness or recuperation.

ASSUMPTION (continued)

MVC's original estimate provided that any veteran over the age of 65 will have the option to utilize a residential care facility at an approximate cost of \$3,150 monthly. **Oversight** contacted MVC to determine the percentage of veterans over 65 that are currently using residential care facilities. Oversight also inquired if MVC has a waiting list for veterans needing residential care and, if so, how does this information compare to five years ago. MVC officials stated MVC does not track veterans needing residential care but does track veterans in need of skilled nursing facilities. The number of veterans currently on a waiting list for a skilled nursing facility is approximately 200 that have not been offered a bed. There may be more on the waiting list, but those veterans have been offered a bed and are not ready to come to the home at this time.

The MVC assumes this program would be funded from the Veterans Commission Capital Improvement Trust Fund (0304).

Oversight does not have information beyond that provided by the MVC; however, according to the Department of Public Safety's budget submission books, the Missouri Veterans Homes Program currently operates 1,350 beds and served 1,835 veterans during FY 2018 among its seven facilities. Therefore, Oversight will reduce MVC's estimate of 190,060 veterans that might receive this service by 1,835 ($190,060 - 1,835 = 188,225$) in order to not double-count these persons. Therefore, Oversight will reflect a potential impact of Up to or could exceed \$263.5 million per year ($188,225 \times \200×7 days) adjusted estimate provided by MVC.

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 \$5,000. 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 require additional resources.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules (JCAR)** state this legislation is not anticipated to cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

Oversight notes that the **Department of Health and Senior Services** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

Oversight notes the balance of the Veterans Commission Capital Improvement Trust Fund (0304) on March 31, 2019 was \$37,311,298.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
VETERANS COMMISSION CAPITAL IMPROVEMENTS TRUST FUND (0304)			
<u>Costs - MVC (\$42.145)</u>			
Issuance of residential care vouchers	<u>Up to or could exceed (\$263,500,000)</u>	<u>Up to or could exceed (\$263,500,000)</u>	<u>Up to or could exceed (\$263,500,000)</u>
ESTIMATED NET EFFECT ON THE VETERANS COMMISSION CAPITAL IMPROVEMENTS TRUST FUND	<u><u>Up to or could exceed (\$263,500,000)</u></u>	<u><u>Up to or could exceed (\$263,500,000)</u></u>	<u><u>Up to or could exceed (\$263,500,000)</u></u>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business residential care facilities could be positively impacted by this proposal.

FISCAL DESCRIPTION

Beginning August 28, 2019, the Missouri Veterans Commission must issue monthly vouchers to eligible veterans, as defined in the bill, to be used for room and board at residential care facilities. The value of the monthly voucher will be in an amount equal to the average cost to house one veteran in a Missouri veterans' home for one month.

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 Public Safety -
Veterans' Commission
Joint Committee on Administrative Rules
Office of Secretary of State



Kyle Rieman
Director
April 9, 2019

Ross Strobe
Assistant Director
April 9, 2019