

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2127-02
Bill No.: HCS for HB 1064
Subject: Veterans; Elderly; Nursing Homes and Long-Term Care Facilities
Type: Original
Date: April 24, 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 (\$99,326,422)	Up to or could exceed (\$99,326,422)	Up to or could exceed (\$99,326,422)
Total Estimated Net Effect on <u>Other</u> State Funds	Up to or could exceed (\$99,326,422)	Up to or could exceed (\$99,326,422)	Up to or could exceed (\$99,326,422)

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 - Care vouchers to certain veterans

Officials from the **Department of Public Safety - Veterans' Commission (MVC)** state the Missouri Veterans Commission provides skilled nursing care. Skilled nursing care is defined as care and oversight for veterans by licensed personnel twenty-four (24) hours per day (11 CSR 85-1.030). The Missouri Veterans Commission does not provide for assisted living, intermediate care or residential care.

The average daily cost of care for a veteran living in a Missouri State Veterans Home is \$265.24/day or \$8,222.44/month. The monthly cost of care in a private sector nursing can exceed \$13,000 a month.

The veteran contribution rate is \$2,050.03 per month or \$66.13 per day. The Department of Veterans Affairs contribution (per diem) is \$109.73 per day or \$3,401.63 month. The state contribution is \$89.38 per day or \$2,770.78 per month.

Currently, the VA pays 41 percent, the veteran pays 25 percent, and the state of Missouri (through Missouri Gaming Commission) pays 34 percent.

Assuming the veteran continues to pay approximately \$2,050 per month to live in a private sector nursing home, the state of Missouri would need to pay for the remainder of the bill or \$6,172.41 per month per veteran. It is important to note the Department of Veterans Affairs will not pay the \$3,401.63 per diem payment unless the veteran lives in a state veterans home or a VA contracted home. The Department of Veterans Affairs has contracts with private sector nursing homes throughout Missouri.

The state of Missouri would be required to pay 75 percent of the veterans daily cost of care with the voucher program or \$6,172.41 per month per veteran.

The Department of Veterans Affairs has approved the Missouri Veterans Commission to operate 1,257 beds. To exceed that number with a voucher program would require additional funding to the Missouri Veterans Commission.

Without additional state funding or an additional assessment for cost of care for each veteran living in a Missouri Veterans Home, the Missouri Veterans Commission would need to close 2.2 beds for each voucher issued in order to absorb the voucher costs.

ASSUMPTION (continued)

There are approximately 442,000 veterans living in the state of Missouri, with 45 percent or 198,900 ($442,000 * 0.45$) being over the age of 65.

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.

Oversight does not have information beyond that provided by the MVC; however, according to the Department of Public Safety's budget submission books, the number of veterans on a waiting list for the last three fiscal years is as follows:

734 as of June 30, 2018;
1,954 as of June 30, 2017; and
1,336 as of June 30, 2016

The average number of veterans awaiting admission for the last three years is 1,341 $[(734 + 1,954 + 1,336)/3]$. If each of these veterans received a bed at a cost of \$6,172.41 per month, the annual cost would be approximately \$99,326,422 ($\$6,172.41 * 1,341 * 12$). Therefore, Oversight will reflect MVC's impact as Up to or could exceed \$99,326,422 for fiscal note purposes.

The MVC assumes this program would be funded from the Veterans Commission Capital Improvement Trust Fund (0304). **Oversight** notes the balance of the Veterans Commission Capital Improvement Trust Fund (0304) on March 31, 2019, was \$37,311,298.

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

ASSUMPTION (continued)

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.

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.

<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 (\$99,326,422)</u>	<u>Up to or could exceed (\$99,326,422)</u>	<u>Up to or could exceed (\$99,326,422)</u>
ESTIMATED NET EFFECT ON THE VETERANS COMMISSION CAPITAL IMPROVEMENTS TRUST FUND	<u><u>Up to or could exceed (\$99,326,422)</u></u>	<u><u>Up to or could exceed (\$99,326,422)</u></u>	<u><u>Up to or could exceed (\$99,326,422)</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 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 24, 2019

Ross Strobe
Assistant Director
April 24, 2019