

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4720H.02C
Bill No.: HCS for HB 1975
Subject: Department of Health and Senior Services; Department of Elementary and
Secondary Education; Children and Minors; Licenses - Miscellaneous
Type: Original
Date: April 4, 2024

Bill Summary: This proposal creates a prescribed pediatric extended care facility license issued by the Department of Health and Senior Services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$67,800)	\$56,177	\$55,049
Total Estimated Net Effect on General Revenue	(\$67,800)	\$56,177	\$55,049

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income, savings and expenses are estimated at \$233,000 annually beginning in FY 2026 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	0.5	0.5	0.5
Federal Funds	0.5	0.5	0.5
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§192.2550 - 192.2560 - Creates a prescribed pediatric extended care facility license

Officials from the **Department of Health and Senior Services (DHSS)** state service providers in the Prescribed Pediatric Extended Care (PPEC) model would be required to hold licensure as a Prescribed Pediatric Extended Care facility from the DHSS and be required to meet inspection standards set forth by the Division of Regulation and Licensure (DRL). The proposed legislation establishes the licensing and regulation of Prescribed Pediatric Extended Care Facilities beginning August 28, 2025. Section 192.2554 subsection 1 of the proposed legislation tasks the DHSS with licensing and inspecting Prescribed Pediatric Extended Care Facilities, along with promulgation of rules and regulations to establish standards of service and care.

The Department's Division of Regulation and Licensure will need one FTE Registered Nurse (annual salary of \$75,000) to carry out the provisions outlined in the proposed legislation. This is assumed to be a remote position. The costs for equipment expense, salary, and fringe is estimated to start in FY 2025 to the effective date of the program to establish and promulgate rules.

In addition, the provisions in the proposed legislation will require the Department, in consultation with the Information Technology Services Division (ITSD), to create a website and publish educational materials; an online license application system with a click-to-pay feature; and a database or system to track licensed facilities, inspection dates, inspection records, complaints, and investigations. The total estimated cost is \$90,720. These ITSD costs will be needed in FY 2025 to be operational by program start date.

Section 192.2550, upon submission of a State Plan Amendment by the Department of Social Services (DSS) and approval by the Centers for Medicare and Medicaid Services (CMS) the Prescribed Pediatric Extended Care Facility (PPEC) model would be created as a new home and community-based service under Missouri's Medicaid program which the Division of Senior and Disability Services (DSDS) would administer. Currently, services such as private duty nursing, physical therapy, occupational therapy and speech therapy are delivered to individual medically complex children typically in the participant's home. Adoption of the PPEC model would provide children with medical complexities the opportunity to thrive socially, emotionally, and medically by receiving coordinated care through an inclusive daycare setting, as opposed to receiving one-on-one nursing in the home. It would also enable parents and caregivers to work or attend school without the challenges of scheduling through a provider agency while also alleviating some of the critical shortage of nurses to provide Private Duty Nursing (PDN) services, as nurses will be able to serve multiple children simultaneously. The average cost of PDN and therapy services for this population in FY 2023 was \$447 per day. The per diem for the PPEC model is estimated to be less than \$400 per day. The same FMAP split would be

applicable to both current practices and the PPEC model. For fiscal note purposes, the Division of Senior and Disability Services assumes that 36 participants would be served by PPEC facilities statewide for an estimated 261 days per year (Monday through Friday, most weeks) with an 80 percent attendance rate. Under the existing service structure, the cost per year for 36 children in FY 2023 was approximately \$3,360,010 (36 participants * 261 days * 80 percent * \$447 per day). Under the PPEC model, if chosen by the participant, the cost for 261 days would be an estimated \$3,006,720 (36 participants * 261 days * 80 percent * \$400 per day). This would result in an **estimated total cost savings of \$353,290** (36 participants * 261 days * 80 percent * \$47 difference per day) (**\$120,101 GR**; \$233,189 Federal). The savings would not be recognized in State Fiscal Year 2025, and would begin with State Fiscal Year 2026.

DSDS would be required to develop criteria, regulations, and policies for PPEC services providers for staffing, quality, qualification, and training standards. DSDS anticipates being able to absorb these costs; however, until the Fiscal Year 2025 budget is final cannot identify specific funding sources.

Section 192.2552, service providers in the PPEC model would be required to hold licensure as a Prescribed Pediatric Extended Care facility from the Department of Health and Senior Services and be required to meet inspection standards set forth by the Division of Regulation and Licensure. Section 192.2556, service providers in the PPEC model would be required to have an active, nonsuspended license to operate a childcare facility issued by the Department of Elementary and Secondary Education.

DHSS is unable to determine the exact cost of the proposal due to the following unknown factors:

- if CMS would approve state plan amendments to add prescribed pediatric extended care as a home and community-based service;
- the number of participants who would opt for prescribed pediatric extended care;
- the amount of units of prescribed pediatric extended care each participant would use;
- the number of providers who would participate as prescribed pediatric extended care agencies

Oversight does not have information to the contrary. Oversight notes that, in response to a previous version, DHSS stated that all program costs were expected to begin in FY 2026. DHSS has since determined that FTE and ITSD costs will be incurred in FY 2025 in preparation for implementation by the program start date. Therefore, Oversight will reflect the estimates as provided by the DHSS.

In response to a previous version, officials from the **Office of State Courts Administrator (OSCA)** stated there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

In response to a previous version, officials from the **Office of Attorney General (AGO)** assumed any additional litigation costs arising from this proposal can be absorbed with existing

personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Office of Administration - Administrative Hearing Commission**, the **Department of Elementary and Secondary Education**, the **Department of Mental Health**, the **Department of Public Safety, Division of Fire Safety and Missouri Highway Patrol**, the **Department of Social Services**, the **Missouri Office of Prosecution Services**, the **Phelps County Sheriff's Department**, the **Branson Police Department**, the **Kansas City Police Department** and the **St. Louis County Police Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other sheriffs' departments and police departments were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Savings</u> – DHSS (§192.2550) Cost avoidance due to PPEC State Plan Amendment p. 3-4	\$0	\$120,101	\$120,101
<u>Costs</u> – DHSS (§192.2554) p. 3-4			
Personnel Service	(\$12,500)	(\$38,250)	(\$39,015)
Fringe Benefits	(\$7,348)	(\$22,336)	(\$22,632)
Expense & Equipment	(\$2,592)	(\$3,338)	(\$3,405)
<u>Total Costs - DHSS</u>	<u>(\$22,440)</u>	<u>(\$63,924)</u>	<u>(\$65,052)</u>
FTE Change	0.5 FTE	0.5 FTE	0.5 FTE
<u>Costs</u> – OA, ITSD/DHSS (§§192.2550 - 192.2560) New website and system development p. 3	<u>(\$45,360)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$67,800)</u>	<u>\$56,177</u>	<u>\$55,049</u>
Estimated Net FTE Change on General Revenue	0.5 FTE	0.5 FTE	0.5 FTE
FEDERAL FUNDS			
<u>Income</u> - DHSS (§192.2554) reimbursement for PPEC license program p. 3-4	\$22,440	\$63,924	\$65,052
<u>Income</u> – OA, ITSD/DHSS (§§192.2550 - 192.2560) New website and system development p. 3	\$45,360	\$0	\$0
<u>Savings</u> – DHSS (§192.2550) Cost avoidance due to PPEC State Plan Amendment p. 3-4	\$0	\$233,189	\$233,189
<u>Costs</u> - DHSS (§192.2554) p. 3-4			
Personnel Service	(\$12,500)	(\$38,250)	(\$39,015)
Fringe Benefits	(\$7,348)	(\$22,336)	(\$22,632)
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<u>Total Costs - DHSS</u>	<u>(\$22,440)</u>	<u>(\$63,924)</u>	<u>(\$65,052)</u>
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<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<u>Costs</u> – OA, ITSD/DHSS (§§192.2550 - 192.2560) New website and system development p. 3	(\$45,360)	\$0	\$0
<u>Losses</u> – DHSS (§192.2550) Decreased reimbursement due to PPEC State Plan Amendment p. 3-4	\$0	(\$233,189)	(\$233,189)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	0.5 FTE	0.5 FTE	0.5 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Beginning August 28, 2025, it shall be unlawful for any person to establish, maintain, or operate a prescribed pediatric extended care facility without a license issued by the Department of Health and Senior Services. A "prescribed pediatric extended care facility" is defined as a facility providing medically necessary multidisciplinary services to children under 6 years of age with complex medical needs requiring continuous skilled nursing intervention of at least 4 hours a day under a physician's order. Multidisciplinary services may include skilled nursing, personal care, nutritional assessment, developmental assessment, and speech, physical, and occupational therapy. Prescribed pediatric extended care facilities shall also be licensed child care providers under state law.

This act sets forth the Department's authority to issue, suspend, or revoke such licenses, as well as conduct inspections and investigations and to promulgate rules to implement the provisions of this act.

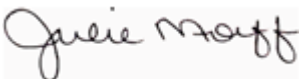
Child care facilities with caregiver staffing ratios of one licensed nurse present for every child present; hospitals, sanitariums, or homes operated for medical treatment or nursing or

convalescent care for children; and certain programs licensed by the Department of Mental Health shall not be required to be licensed under this act. (§§192.2550 - 192.2560)

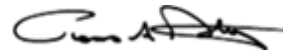
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Office of Administration - Administrative Hearing Commission
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Public Safety
 Division of Fire Safety
 Missouri Highway Patrol
Department of Social Services
Joint Committee on Administrative Rules
Missouri Office of Prosecution Services
Office of the Secretary of State
Office of the State Courts Administrator
Phelps County Sheriff's Department
Branson Police Department
Kansas City Police Department
St. Louis County Police Department



Julie Morff
Director
April 4, 2024



Ross Strobe
Assistant Director
April 4, 2024