

**MISSOURI STATE AUDITOR'S OFFICE
FISCAL NOTE (12-16)**

Subject

Truly Agreed To and Finally Passed Senate Bill No. 464. (Received May 30, 2012)

Date

June 18, 2012

Description

This proposal would amend Chapter 376 of the Revised Statutes of Missouri.

The amendment is to be voted on in November, 2012.

Public comments and other input

The State Auditor's office requested input from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education**, the **Department of Health and Senior Services**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Mental Health**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, the **Department of Social Services**, the **Governor's office**, the **Missouri House of Representatives**, the **Department of Conservation**, the **Department of Transportation**, the **Office of Administration**, the **Office of State Courts Administrator**, the **Missouri Senate**, the **Secretary of State's office**, the **Office of the State Public Defender**, the **State Treasurer's office**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St. Louis County**, **Taney County**, the **City of Cape Girardeau**, the **City of Columbia**, the **City of Jefferson**, the **City of Joplin**, the **City of Kansas City**, the **City of Kirksville**, the **City of Kirkwood**, the **City of Mexico**, the **City of Raymore**, the **City of St. Joseph**, the **City of St. Louis**, the **City of Springfield**, the **City of Union**, the **City of Wentzville**, the **City of West Plains**, **Cape Girardeau 63 School District**, **Hannibal 60 School District**, **Rockwood R-VI School District**, **Linn State Technical College**, **Metropolitan Community College**, **University of Missouri**, and **St. Louis Community College**.

Assumptions

Officials from the **Department of Economic Development** indicated no impact for their department.

Officials from the **Department of Elementary and Secondary Education** indicated this legislation does not impact their department or local schools.

Officials from the **Department of Health and Senior Services** indicated this legislation is a no impact note for their department.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** indicated this bill, if passed, would prohibit cooperation and communication without specific statutory authority between Missouri and the federal government with regard to a federally-facilitated exchange. They said this bill will have an unknown fiscal impact to their department since the issues that could result from an inability to communicate with the federal government cannot be quantified.

Officials from the **Department of Mental Health** indicated this proposal creates no direct obligations or requirements to their department that would result in a fiscal impact.

Officials from the **Department of Natural Resources** indicated they would not anticipate a direct fiscal impact from this proposal.

Officials from the **Department of Corrections** indicated no impact per each fiscal year.

Officials from the **Department of Labor and Industrial Relations** indicated no fiscal impact to their department.

Officials from the **Department of Revenue** indicated this initiative petition will have no fiscal impact on their department.

Officials from the **Department of Social Services** indicated according to the MO HealthNet Division, this legislation does not revise Chapter 208, RSMo; therefore it does not affect MO HealthNet eligibility or benefits. There is no fiscal impact to their department.

Officials from the **Governor's office** indicated there should be no added costs to their office as a result of this measure.

Officials from the **Department of Conservation** indicated that no adverse fiscal impact to their department would be expected as a result of this proposal.

Officials from the **Office of Administration** indicated there should be no added costs or savings to their office if this proposal is passed by the voters.

Officials from the **Missouri Senate** indicated this legislation appears to have no fiscal impact as it relates to their agency.

Officials from the **Secretary of State's office** indicated each year, a number of bills may be considered by the General Assembly that would refer to a vote of the people the issue

in the legislation. Unless a special election is called for the purpose, Referendums are submitted to the people at the next general election. If a special election is called to submit a Referendum to a vote of the people, Section 115.063.2 RSMo. requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, the Secretary of State's office reserves the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Officials from the **Office of the State Public Defender** indicated this initiative petition will not have any significant impact on their office.

Officials from the **State Treasurer's office** indicated no fiscal impact to their office.

Officials from the **City of Jefferson** indicated they do not expect any fiscal impact if this bill becomes law.

Officials from the **City of St. Louis** indicated:

The health exchanges required by the Federal Affordable Care Act will serve an important purpose for people who are middle- or low-income. Exchanges will be the place where people can purchase insurance with the tax credits that the Affordable Care Act provides to make coverage affordable for all Americans. In addition, when individuals who are eligible for Medicaid or other public coverage programs enter the exchange, they will quickly and smoothly be directed to the correct program. States can make sure that exchanges function as intended: as marketplaces for high-value coverage that are user-friendly, transparent, and stable.

The value of establishing a state-based Exchange includes:

- Maintaining regulatory authority over a large share of the commercial health insurance market;
- Mitigating risk selection that may result from different rating and underwriting rules for insurance policies sold inside and outside the Exchange;
- Enabling greater coordination of benefits and eligibility rules across health coverage programs (e.g., Medicaid, CHIP and policies sold through the Exchange); and
- Promoting state health reform strategies and priorities through the Exchange.

If a state does not establish Exchanges or implement the new insurance rules according to the standards in the new law (and subject to further interpretation by federal regulations), then the federal government will step in and perform those functions.

Starting in 2014, all families with income up to 133% of the federal poverty level (about \$29,000 for a family of four in 2009) will be eligible for Medicaid, with the vast majority of the additional cost paid for by the federal government. The expansion in eligibility will be a required element of every state Medicaid program. States are not required to have Medicaid programs, though all states currently do, in large part, because the federal government pays the majority of the costs.

A key issue for states will be the level of funding available from the federal government to support states in the planning and establishment of the Exchange. An initial allotment of funds – up to \$1 million for each state and the District of Columbia – to assist states with this effort was made available by federal HHS in September 2010. The federal government has indicated that additional funding in the form of implementation grants will become available in spring 2011. Unlike the initial planning grants, the implementation grants will be based on the specific needs of each state.

Officials from the **City of Wentzville** indicated they are not aware of direct costs or savings related to this senate bill.

Officials from **Hannibal 60 School District** indicated they do not have sufficient information at hand to know if this senate bill would have a positive or negative impact on it financially.

Officials from **Metropolitan Community College** indicated this would have an unknown fiscal impact on their college.

The State Auditor's office did not receive a response from the **Attorney General's office**, the **Department of Agriculture**, the **Department of Higher Education**, the **Department of Public Safety**, the **Missouri House of Representatives**, the **Department of Transportation**, the **Office of State Courts Administrator**, **Adair County**, **Boone County**, **Callaway County**, **Cass County**, **Clay County**, **Cole County**, **Greene County**, **Jackson County Legislators**, **Jasper County**, **St. Charles County**, **St.**

Louis County, Taney County, the City of Cape Girardeau, the City of Columbia, the City of Joplin, the City of Kansas City, the City of Kirksville, the City of Kirkwood, the City of Mexico, the City of Raymore, the City of St. Joseph, the City of Springfield, the City of Union, the City of West Plains, Cape Girardeau 63 School District, Rockwood R-VI School District, Linn State Technical College, University of Missouri, and St. Louis Community College.

Fiscal Note Summary

No direct costs or savings for state and local governmental entities are expected from this proposal. Indirect costs or savings related to enforcement actions, missed federal funding, avoided implementation costs, and other issues are unknown.