COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1714-07
Bill No.: Truly Agreed to and Finally Passed SS for SB 539
Subject: Elderly; Insurance-General; Medicaid; Nursing and Boarding Homes; Social Services Department
Type: Original
Date: April 25, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue*	$180,547,625	$130,355,184	$101,760,670
Total Estimated Net Effect on General Revenue Fund	**$180,547,625**	**$130,355,184**	**$101,760,670**

*Subject to appropriations

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Missouri Rx Plan Fund*	$29,205,382	$109,058,507	$109,033,532
Missouri Senior Rx Fund	($13,494,520)	($27,468,578)	($27,455,100)
Total Estimated Net Effect on Other State Funds	**$15,710,862**	**$81,589,929**	**$81,578,432**

*Subject to appropriations

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Federal*	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

*Savings and losses of approximately $340,000,000 would net to $0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri House of Representatives**, the **Office of Lieutenant Governor**, the **Missouri Senate**, the **State Treasurer's Office**, the **Office of Administration**, the **Department of Economic Development** and the **Department of Elementary and Secondary Education** assume this proposal would not fiscally impact their agencies.

Officials from the **Office of Attorney General** (AGO) assume this proposal makes changes to provisions to various health care and social service programs. AGO states because it represents the departments responsible for administering these programs, the AGO assumes this proposal will create a fiscal impact.

This proposal requires the AGO to file petitions for temporary care and protection of physically disabled persons receiving personal care assistance services. AGO assumes that it would need one Assistant Attorney General I to assist in the preparation and hearings associated with this provision.

AGO states this proposal also makes changes to eligibility requirements for CHIPS recipients, personal care assistance recipients and Medicaid recipients. AGO assumes that increasing the number and process for eligibility reviews, changing the asset limits and limiting the eligibility of

ASSUMPTION (continued)

these benefits would result in an increased number of appeals. AGO assumes because it represents the Department of Social Services in defending agency decisions, it may need additional attorneys and support staff based on the number of appeals that might result. AGO assumes that it would need three Assistant Attorney General I's per 500 appeals, and one support staff per Assistant Attorney General to assist in the appeals process, based on current practices in handling similar appeals.

AGO states with regard to the provisions relating to the Missouri Rx Plan, AGO assumes that any potential costs arising from these provisions can be absorbed from existing resources.

Oversight is presenting the cost of one Assistant Attorney General I. If the AGO needs additional staff, Oversight assumes they can request additional FTE through the budget process.

Officials from the **Office of the Secretary of State (SOS)** state this proposal modifies provisions in various health care and social services programs. This proposal may result in the Department of Health and Senior Services and the Department of Social Services promulgating rules to implement the legislation. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Social Services could require as many as 28 pages in the Code of State Regulations. For any given rule, roughly one-half again as many pages are published in the Missouri Register as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the Missouri Register is $23.00. The estimated cost of a page in the Code of State Regulations is $27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be $1,722 in FY 06.

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 request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** state Medicaid savings for DMH Medicaid clients are reflected in the savings presented by the DOS.

DMH states many of the changes will reduce the number of clients served by DMH providers. Some requirements will move clients to spenddown.

Officials from the **Department of Social Services (DOS) - Division of Medical Services**

ASSUMPTION (continued)

(DMS) state the following:

208.010
The DOS states for eligibility purposes, an institutionalized spouse applying for Medicaid and having a spouse living in the community shall be required to divert income to such community spouse to raise the community spouse's income to the level of the minimum monthly needs allowance. DOS states eligibility changes will require income looked at first. DOS estimates cost savings of $4,000,000 of which $1,500,000 is General Revenue.

208.146
This legislation eliminates eligibles for medical assistance benefits pursuant to the federal Ticket to Work and Work Incentives Improvement Act of 1999 by the DOS.

DMS estimates cost savings to be $110,200,000 for FY06, FY 07 and FY08 if this service is eliminated.

208.147
DMS states this legislation provides that annual income eligibility and verification reviews are to be conducted for Medicaid recipients. DMS assumes some individuals will lose medical assistance because of changes in their income status.

FSD determined the amount and supplied the figures. A 12-month phase-in was used. They estimated that a total of $29,089,537 would be saved during FY06. For FY07 and FY08, estimated savings is $53,703,760. Two matched rates were used because some of the recipients that would lose eligibility are CHIP.

208.151
This legislation reduces income levels for eligibility, eliminates some optional services and returns income limit to SSI limit for OAA and PTD eligibles.

> 208.151.1.(25)–DMS assumes there would be a cost savings because DMS assumes some individuals will lose medical assistance because of income limit changes. DMS projects cost savings to be $113,000,000 for FY06, FY07, and FY08. Savings are based on the FY06 budget request.

208.152
This legislation eliminates some optional services, such as dental services, services of Podiatrists, Optometric services, Comprehensive Day Rehab services and Hospice services. This legislation

ASSUMPTION (continued)

restores benefits to children, pregnant women and blind persons. Benefits include dental, services of Podiatrists, Optometric Services, Orthopedic Devices, Hospice Care and Comprehensive Day Rehab.

208.152.1(7)–Eliminates dental services. DMS estimates cost savings to be $28,400,000 for FY06, FY07, and FY08 if this service is eliminated. Savings are based on the FY06 budget request, net of payments for services for children, pregnant women and blind persons.

208.152.1(8)--Eliminates services of podiatrists. DMS estimates cost savings to be $1,900,000 for FY06, FY07, and FY08 if this service is eliminated. Savings are based on the FY06 budget request, net of payments for services for children, pregnant women and blind persons.

208.152.1(9)--Eliminates drug coverage for Medicaid eligibles who are also eligible for drug coverage under Medicare (MMA). DMS states the proposed legislation bars any pharmacy payment for dual eligibles. There will be savings to the State. However, the State will be required to pay the majority of savings to the federal government via clawback payment. The savings generated by no longer paying the Medicaid claims have been used as a funding source for the clawback payment. The effect of no longer paying the Medicaid pharmacy claims will also impact the pharmacy tax and rebates. The DMS believes the fiscal impact will be a cost of $19.9 million for FY06, $79.7 million for FY07 and $108.8 million for FY08.

208.152.1(13) & (15)--Eliminates optometric services and orthopedic devices or other prosthetics. DMS estimates cost savings to be $82,600,000 for FY06, FY07, and FY08 if this eligibility category is eliminated. Savings are based on the FY06 budget request, net of payments for services for children, pregnant women and blind persons.

208.152.1(20)--Eliminates comprehensive day rehab services. DMS estimates cost savings to be $1,000,000 for FY06, FY07, and FY08 if this service is eliminated. Savings are based on the FY06 budget request, net of payments for services for children, pregnant women and blind persons.

208.152.1(21)--Eliminates hospice services. DMS estimates cost savings to be $36,300,000 for FY06, FY07, and FY08 if this service is eliminated. Savings are based on the FY06 budget request, net of payments for services for children, pregnant women and blind persons.

ASSUMPTION (continued)

208.152.3--Requires recipients of medical assistance to pay a co-pay for all covered services. DMS states the requirements to have recipients of medical assistance pay a co-payment for all covered services will result in a cost savings to the DMS. The cost savings is projected to be $22,914,880 for FY06, FY07, and FY08. Savings are based on the FY06 budget request.

208.162
This legislation eliminates medical assistance for persons receiving general relief. Cost savings is estimated to be $14,200,000 for FY06, FY 07, and FY08 if this service is eliminated. Savings are based on actual FY04 spending.

208.212
This legislation states that assets used for the purchase of an annuity shall be treated by the DOS as an available resource unless the annuity is actuarially sound as measured against the Social Security Administration Life Expectancy Tables, provides equal or nearly equal payments for the duration of the device and excludes "balloon" style final payments and provides the state of Missouri secondary or contingent beneficiary status ensuring payment if the individual predeceases the duration of the annuity, in an amount equal to the Medicaid expenditures made by the state on the individual's behalf.

The DOS shall establish a sixty month look-back period to review any investment in an annuity by an applicant for Medicaid benefits. If the DOS determines that an investment in an annuity was made in anticipation of obtaining or with intent to obtain eligibility for Medicaid benefits, the department shall have available all remedies and sanctions permitted under federal and state law regarding such investment.

Adding limits to annuities could prevent some individuals from becoming Medicaid eligible. FSD estimates this would result in 12 cases being determined ineligible each year. The projected cost savings for FY06 (10 months) is $181,184. The projected cost savings for FY07 and FY08 is $257,558 each year.

208.215.13
DMS states DMS will be required to enforce TEFRA liens. DMS estimates a cost savings of $300,000 of which $100,000 is General Revenue.

208.225
This legislation eliminates the Nursing Facility Reimbursement rate rebase. The DMS believes that by eliminating the Nursing Facility Reimbursement rebase we will see a cost savings of

ASSUMPTION (continued)

$46,291,337 for FY06, $47,587,494 for FY07 and $48,919,944 for FY08. Savings are based on the FY06 budget request.

208.640
DMS estimates changes to the CHIP program will save $23,700,000 of which $8,100,000 is General Revenue.

208.780 - 208.798
These sections will have a fiscal impact on the DMS. Under this program, the State will be able to require Medicaid level rebates from pharmaceutical manufactures. DMS will bill the manufacturers for the difference between the Medicaid level rebates and the commercial level rebates billed to the manufacturer by the PDP.

The revenue is generated by the State requiring Medicaid level rebates from the manufacturers. The estimated revenues of partnering with a PDP for providing the Medicare Part D benefit are: $22M to $30M in FY2006; $110M to $115M in FY2007 and $110M to $115M in FY2008. The revenue estimate of $22 m - $30 m in FY06 is aggressive, but potentially achievable. Also aggressive are the timelines to contract with manufacturers, receipt and entry of rebate data, producing rebate invoices, etc.

The receipt of the rebates for this program will not be received until the last quarter of fiscal year 2006. There will be some administrative costs and co-pay costs that will be realized before the receipt of the rebates. DOS assumed that the Senior Rx appropriation and fund balance would transfer to Missouri Rx Plan fund effective January 1, 2006. DOS further assumed that the Senior Rx rebates received after January 1, 2006 would transfer to the Missouri Rx Plan fund as they are received. If the language in this legislation does not support this assumption, there would be some startup funds needed to operate the program until the rebates are received.

Six additional staff will be needed: 1 Clinical Pharmacist, 1 Statistician/Actuary, 1 Medicaid Specialist, 2 Medicaid Technicians and 1 SOSA (Clerical). One of the technicians will be in the Medicare unit. This FTE is needed to validate the Medicare eligibility and related functions. The remaining staff will be responsible for the administration of this new program. Responsibilities include program oversight, clinical oversight, etc. Salary and E&E for the new staff will total $402,021 in FY06, $471,594 in FY07 and $483,490 in FY08.

Since the current Senior Rx program is being terminated January 1, 2006, the functions performed by the staff would need to continue in a similar fashion. DOS & DOH assumed some

ASSUMPTION (continued)

of the staffing associated with the Senior Rx program would be retained to assist the Commission and some would be transferred to DOS. The net fiscal impact to the State, regardless if staff is transferred or not, is zero.

DMS has requested staff in response to this fiscal note. It is likely that this could be reduced or eliminated, if most of the Senior Rx staff is transferred. There will be a need to reclassify or realign the staff to reflect the needs of this new program.

If the assumption of the transfer of staffing and resources of the Senior Rx program to the Missouri Rx Plan is incorrect or cannot be accommodated through the budget/appropriation process, additional funds of $20 million would be needed for capitalization and startup cost for the new program. If the funds are not available or appropriated, the Missouri Rx Plan could not be functional or operational on January 1, 2006.

Officials from the **Department of Social Services - Children's Division (CD)** state this legislation would implement a means test on income up to 200% of poverty on Adoption Subsidy and Subsidized Guardianship children. The federal government does not allow means testing on children that are eligible for reimbursement of federal funds (IV-E). Therefore the CD assumes that the means test will only be applied to children who receive state only maintenance payments.

In FY04, approximately 43% of the children who were in an Adoptive placement were considered State-Only funded placements. All Subsidized Guardianship placements are funded 100% by the state. For FY06, the projected average monthly caseload is 12,474 for Adoption Subsidy and 2,895 for Subsidized Guardianship.

The Division projects that 50.05% of Adoption Subsidy and Subsidized Guardianship families would be above 200% of poverty. This is based on a combination of the following information. In FY2002, legislation was implemented in the GAFP program to place an income limit on the families of 200% of the poverty level. After the legislation was implemented, the number of children in the program fell by 21% which means that percentage of the families were above

200% of poverty. The 2000 census data shows that 79.1% of all Missouri families were above 200% of poverty. The Children's Division used the average of the two which is 50.05%.

The following is the calculation showing the average monthly reduction in caseload.

Adoption Subsidy
12,474 cases X 43% (State Only) X 50.05% (% above 200% of poverty) = 2,685

ASSUMPTION (continued)

Subsidized Guardianship (All Subsidized Guardianship placements are state only)
2,895 cases x 50.05% = 1,448 cases

The total amount of savings to the Adoption Subsidy program would be reduced due to children staying in care longer. It is projected that the net savings on these children would be $12,471,716 reduction to the Adoption Subsidy Appropriation.

Additionally, there may be some additional cost in staff time due to children staying in care longer. However, the impact is unknown.

The net impact of this legislation on the Children's Division Adoption Subsidy program is $12,471,716.

Officials from the **Department of Social Services - Division of Legal Services (DLS)** assume as a result of this proposal, because more participants might be on spenddown there is a likelihood to be an increase in hearings. In addition with an institution of income limits on adoption subsidies, it has a possibility of increasing.

The hearing unit assumes that all eliminated programs will not require hearings pursuant to 208.140, RSMo. These eliminated programs are General Relief, MAWD, and optical, podiatry and dental services.

DLS assumes that the hearings unit will have to hear 10% of approximately 48,801 expedited cases, which involved MA Non-Spenddown, MA Spenddown Met Cases and MA Spend-down Not Met Cases. DLS estimates the hearings unit will have approximately 4,880 expedited hearings, which can be heard by existing staff.

Although the MAWD program will be eliminated, DLS assumes that 14,282 will be negatively impacted, and assumes that 10% or 1,428 people will require a hearing. DLS also assumes that 10% of the Adoption Subsidy cases (2,685) will request a hearing, which is approximately 269 hearings. Therefore, DLS assumes that a total of 6,577 people will require hearings. DLS assumes the current hearing staff can absorb these hearings.

Officials from the **Department of Social Services - Research and Evaluation (R&E)** assume this legislation would need to be incorporated into the FAMIS system as the Medical assistance phase is developed. Automating the annual review could also impact FAMIS. Income Maintenance estimate is approximately 1,830 to 3,520 analyst and programmer hours to change the requirements for the various programs. The State Data Center costs are unknown due to the

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uncertainty of the number of records to store and process. Based on programming costs of $75 per hour, costs to make system requirements are greater than $202,500 ($75 x 2,700 hours).

Officials from the Department of Social Services Family Support Division (FSD) assume the following table represents the total number of persons impacted by this proposal:

	Persons Closed	Meeting new or increased Spenddown
Reinvestigations	13,609	–
OAA/PTD/MAWD Income Change	14,607	18,504
Elimination of MAWD & GR	12,575	4,753
Total	40,791	23,257

FSD states this legislation would require the FSD to do reinvestigations on approximately 381,480 cases annually or 31,790 per month. This legislation allows the review to be completed by a food stamp reinvestigation. Approximately, 54.4% of Medicaid cases receive food stamps. Additionally, FSD already performs 22,253 reinvestigations per month.

The FSD would need additional caseworkers and support staff or redirect its current workforce to do the additional reinvestigations that are not already performed.

Monthly Reinvestigations	31,790
Amount already performed	22,253
Additional Reinvestigations	9,537

Amount Covered through Food Stamps	9,537
	x 54.4%
	5,188

Additional Reinvestigations net of Food Stamps	9,537
	-5,188
	4,349

Based on current caseloads, the average caseworker can handle approximately 50

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reinvestigations per month.

4,349/50 = 86.9 Caseworkers per month (Rounded to 87)

Additionally, 9 supervisors would be needed based on a 10 to 1 standard and 16 office support staff based on 6 professional staff to 1 office support staff.

The fiscal impact of SB 539 depends largely on whether new FTEs are appropriated to handle the reinvestigations or whether FSD redirects its workforce from other activities to complete them. Fiscal Impact would range from $0 to $4,897,470 in FY 2006 depending on if staff can be redirected.

Oversight assumes the FSD staff can be redirected and fiscal impact is $0. If additional staff are needed or can be reduced, **Oversight** assumes that this can be done through the appropriation process in future years.

Officials from the **Department of Health and Senior Services (DOH)** assume the following:

Division of Senior Service & Regulation (DSSR)
Staff, expense and equipment and program dollars have been transferred for the personal care assistance program from the Department of Elementary and Secondary Education, Division of Vocational Rehabilitation to the DOH, Division of Senior Services and Regulation, in the Governor's SFY 06 budget proposal. Because of this core transfer the DOH assumes there would be no fiscal impact associated with this legislation.

The DOH assumes that DMS would respond to the changes contained in Chapter 208 related to eligibility changes in the Medicaid program. Funds for the Medicaid programs currently operated by DOH were transferred from DMS to DOH in the Governor's SFY 06 budget proposal. Core reductions were made to those funds before they were transferred to DOH to account for the changes in Medicaid eligibility contained in this bill.

The Division of Senior Services and Regulation assumes that the staff and program costs currently appropriated for the Missouri Senior Rx Program would transfer to the Department of Social Services, Division of Medical Services and that costs related to the Missouri Rx Plan would be computed by DSS/DMS and that cost savings related to the Missouri Senior Rx Program would be computed by the Missouri Senior Rx Program.

The Division of Senior Services and Regulation assumes the Missouri Rx Plan Advisory

ASSUMPTION (continued)

Commission's costs would be no more than the current Missouri Senior Rx Program Commission's costs of approximately $2,500 annually.

Since the new commission would be effective upon passage and approval of the bill, the FY2006 costs are shown as $2,500. The FY2007 and FY2008 costs include a 3% inflationary adjustment.

Additionally, the Division of Senior Services and Regulation (DSSR) assumes the Missouri Rx Plan Advisory Commission would need staff to assist in the duties charged to the commission. According to the Missouri Senior Rx Program those duties would include some of the duties previously described under statute as duties of the Missouri Senior Rx Clearinghouse. The Missouri Senior Rx Clearinghouse is currently not funded and not operational. Therefore, DSSR has assumed that 4 staff would be needed to educate Missouri residents on quality prescription drug programs and to assist Missouri residents in enrolling or accessing prescription drug assistance programs for which they are eligible. Additionally, there would be costs associated with printing of materials for education and training. Full year costs have been shown for FY2006 as the majority of the expenses would be for printed materials.

Division of Community Health (DCH)
The bill would eliminate the Prenatal Case Management Program, which enrolls high-risk mothers in Medicaid and refers them for prenatal care. DOH monitors the providers of this service. The Department receives $53,866 in Federal funds to support the Prenatal Case Management position. This includes PS, supplies and conducting trainings. There is $23,784 in General Revenue funds for the same line items as there some federal to GR match. Without the GR match Prenatal Case Management program, the Department would lose the Federal funds.

Missouri Senior Rx Program
DOH assumes that the current appropriations for this program would be transferred to the Department of Social Services. The FY06 governor recommended core from the MO Senior Rx Program fund is: $668,734 in PS, $2,718,694 in E&E and $22,779,034 in PD. Additionally, there is a recommended $1,500,000 to cover the costs of third party administration in the Missouri Senior Rx Fund.

Oversight is presenting the Missouri Senior Rx Fund with a transfer out of one-half of its appropriations for FY 06 to the Missouri Rx Plan Fund.

Section 660.661–660.687--**Oversight** assumes the program that was administered in the Department of Elementary and Secondary Education (DOH)- Division of Vocational Rehabilitation is now transferred to the Department of Health and Senior Services (DOH). The

ASSUMPTION (continued)

fiscal year 2006 budget shows a $67,567,837 (of which $26,141,763 is General Revenue) transfer from DES to DOH.

FISCAL IMPACT - State Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
Savings - Department of Social Services - Division of Medical Services			
Section 208.010	$1,500,000	$1,500,000	$1,500,000
Section 208.146	$34,800,000	$34,800,000	$34,800,000
Section 208.147	$10,952,011	$20,219,096	$20,219,096
Section 208.151.1(25)*	$34,500,000	$34,500,000	$34,500,000
Section 208.152.1(7)	$10,865,840	$10,811,880	$10,811,880
Section 208.152.1(8)	$726,940	$723,330	$723,330
Section 208.152.1(13) and (15)	$31,602,760	$31,445,820	$31,445,820
Section 208.152.1(20)	$382,600	$380,700	$380,700
Section 208.152.1(21)	$13,888,380	$13,819,410	$13,819,410
Section 208.152.3	$8,804,113	$8,804,113	$8,804,113
Section 208.162	$14,200,000	$14,200,000	$14,200,000
Section 208.212	$69,321	$98,542	$98,542
Section 208.225	$17,711,066	$18,116,559	$18,623,823
Section 208.215.13	$100,000	$100,000	$100,000
Section 208.640	$8,100,000	$8,100,000	$8,100,000
Total Savings - Department of Social Services- Division of Medical Services *	$188,203,031	$197,619,450	$198,126,714
*Subject to appropriations			
Savings - Department of Health and Senior Services			
Prenatal case management program	$31,158	$31,158	$31,158
Savings - Department of Social Services - Children's Division			
Section 453.072	$12,471,716	$12,471,716	$12,471,716

Costs - Department of Social Services - Division of Medical Services			
Section 208.152.1(9)	($19,900,000)	($79,700,000)	($108,800,000)
Costs - Department of Social Services - Research and Evaluation			
Programming costs	(Greater than $202,500)	$0	$0
Costs - Office of Attorney General			
Personal Service (1 FTE)	($26,906)	($33,095)	($33,922)
Fringe benefits	($11,478)	($14,118)	($14,472)
Expense and Equipment	($17,396)	($19,927)	($20,523)
Total Costs- Office of Attorney General	($55,780)	($67,140)	($68,917)
ESTIMATED NET EFFECT ON GENERAL REVENUE *	**More than $93,730,236**	**More than $43,242,069**	**More than $20,140,292**
*Subject to appropriations			
MISSOURI Rx PLAN FUND			
Income–Department of Social Services			
Revenues	$30,000,000	$110,000,000	$110,000,000
Transfer In - From Missouri Senior Rx Fund	$13,494,520	$27,468,578	$27,455,100
Costs–Department of Social Services			
Program costs transferred from DOH	($13,494,520)	($27,468,578)	($27,455,100)
Personal Service (6 FTE)	($256,687)	($315,851)	($323,748)
Fringe benefits	($109,503)	($134,742)	($138,111)
Expense and equipment	($25,503)	($21,000)	($21,630)
Total Costs - Department of Social Services	($13,886,213)	($27,940,171)	($27,938,589)

Costs–Department of Health and Senior Services			
Personal Service (4 FTE)	($116,174)	($142,893)	($146,466)
Fringe benefits	($49,560)	($60,958)	($62,482)
Expense and equipment	($237,191)	($266,049)	($274,031)
Total Costs–Department of Health and Senior Services	($402,925)	($469,900)	($482,979)
ESTIMATED NET EFFECT ON MISSOURI Rx PLAN FUND*	**$29,205,382**	**$109,058,507**	**$109,033,532**
*Subject to Appropriations			

MISSOURI SENIOR Rx FUND

Transfer Out – to Missouri Rx Plan Fund	($13,494,520)	($27,468,578)	($27,455,100)

ESTIMATED NET EFFECT ON MISSOURI SENIOR Rx FUND

FEDERAL

Savings - Department of Social Services - Division of Medical Services			
Section 208.010	($2,500,000)	($2,500,000)	($2,500,000)
Section 208.146	($75,400,000)	($75,400,000)	($75,400,000)
Section 208.147	($18,137,526)	($33,484,664)	($33,484,664)
Section 208.151.1(25)*	($78,800,000)	($78,800,000)	($78,800,000)
Section 208.152.1(7)	($17,534,160)	($17,588,120)	($17,588,120)
Section 208.152.1(8)	($1,173,060)	($1,176,670)	($1,176,670)
Section 208.152.1(13) and (15)	($50,997,240)	($51,154,180)	($51,154,180)
Section 208.152.1(20)	($617,400)	($619,300)	($619,300)
Section 208.152.1(21)	($22,411,620)	($22,480,590)	($22,480,590)
Section 208.152.3	($14,110,767)	($14,110,767)	($14,110,767)
Section 208.162	$0	$0	$0
Section 208.212	($111,863)	($159,016)	($159,016)
Section 208.225	($28,580,271)	($29,470,935)	($30,296,121)
Section 208.215.13	($200,000)	($200,000)	($200,000)
Section 208.640	($15,600,000)	($15,600,000)	($15,600,000)
Total Savings - Department of Social Services- Division of Medical Services	($326,173,907)	($342,744,242)	($343,569,428)

Loss - Department of Social Services - Division of Medical Services			
Program reimbursements	$326,173,907	$342,744,242	$343,569,428
ESTIMATED NET EFFECT ON FEDERAL	**$0**	**$0**	**$0**
*Subject to appropriations			

FISCAL IMPACT - Local Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

Medicaid providers, some of which will be considered small businesses, due to a decrease in the items covered, such as dental, mental health, and optical will have a fiscal impact. This proposal may also affect the nursing home industry as rates will be frozen by this legislation.

DESCRIPTION

This proposal modifies certain provisions dealing with various health care and social services programs, including medicaid, the Missouri Senior RX, and personal care assistance programs.

PERSONAL CARE ASSISTANCE PROGRAM - This proposal moves the personal care assistance program for disabled persons the Department of Elementary and Secondary Education to the Department of Health and Senior Services and makes various changes (Section 660.661–660.687-).

MEDICAID - This proposal provides that annual income eligibility and verification reviews are to be conducted for medicaid recipients (Section 208.147).

This proposal reduces income levels for eligibility and eliminates some optional services. Further, this proposal provides the Department of Social Services may apply for federal medicaid waivers as necessary, provided that such costs to the state will not exceed one million additional dollars (Section 208.151). Such a request for a waiver will not become effective except by executive order.

This proposal also provides that for purposes of medicaid eligibility, investment in annuities shall be limited only to those annuities that are actuarially sound (Section 208.212). The department

DESCRIPTION (continued)

shall establish a sixty month look-back period to review any investment in an annuity by an applicant for medicaid benefits.

THE MISSOURI Rx PLAN PROGRAM - The Missouri RX Plan program will be administered by the Department of Social Services.

A Medicaid Reform Commission is formed to study and review reforms of the state Medicaid system (Section 208.014)

This proposal establishes the "Medicaid Reform Commission" to study and review the current Medicaid program and make recommendations for reforms. (Section 208.214)

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

Missouri House of Representatives
Office of Lieutenant Governor
Department of Elementary and Secondary Education
Office of Administration
Office of Attorney General
Secretary of State
Department of Economic Development
Missouri Senate
State Treasurer's Office
Department of Mental Health
Department of Social Services
Department of Health and Senior Services

Mickey Wilson

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Director
April 25, 2005

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