

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3368-01
Bill No.: SB 634
Subject: Health Care; Health, Public; Medicaid
Type: Original
Date: January 19, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General	\$0	(\$14,830,865)	(\$37,033,346)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$14,830,865)	(\$37,033,346)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of up to \$71,000,000 would net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health** assume this proposal would not fiscally impact their agency.

Officials from the **Office of Attorney General (AGO)** assumes that this proposal would initially create a limited fiscal impact and that any potential costs may be absorbed with existing resources. However, AGO assumes that changing the eligibility requirements may result in an increased number of Medicaid appeals. The AGO assumes that 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. **Oversight** assumes should the AGO incur a fiscal impact, AGO could request additional funding through the appropriation process.

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

In determining the fiscal impact of this proposal, the DOH, Division of Senior Services and Regulation (DRL) has made the following assumptions: (1)The Department of Social Services will calculate the fiscal impact associated with determining eligibility under the new requirements, the cost of services for the new group of eligible recipients, and the cost of any

ASSUMPTION (continued)

administrative hearings regarding denial of eligibility, and (2) Department of Social Services, Family Support Division has provided information that this legislation would result in 30,132 new eligibles for purposes of determining Medicaid eligibility for public assistance as a result of the proposed legislation and that approximately 75% of these or 22,599 would choose to participate in the program.

DOH states in FY05, DOH served 299,393 Medicaid recipients and approximately 16.5% of these are projected to be in-home service clients (49,419/299,393). Based on the 16.5% participation for in-home services, the division estimates 3,729 additional Medicaid recipients that will access home care as an alternative to facility placement. The DOH will need to provide case management for new clients participating in the in-home services program. DOH notes the Department of Social Services will include costs for services for the new eligibles including the cost of in-home services.

DOH states currently, caseloads for Division's Social Services Workers average 178 (49,419/277). Pursuant to 660.021 RSMo, the Caseload Standards Advisory Committee recommended that caseloads should be no more than a recommended 80 per worker. DOH states previously, the division requested additional staff in an effort to reduce average caseloads to at least 100 per Social Service worker.

Keeping with the previous request to reduce caseloads to 100 per worker, the division will require 37 Social Service Worker positions to case manage the new Medicaid eligibles ($3,729/100 = 37$).

DOH states currently, the ratio of Home and Community Area Supervisors to Social Service Workers is one supervisor for every ten Social Service Worker FTE. Therefore, the Division will require an additional four HCS Area Supervisors as a result of this legislation. Each HCS Area Supervisor will require one support staff to provide clerical support to the Area Supervisor and ten Social Service Workers so the Division will require an additional four clerical staff.

DOH states the proposal would result in the need for 37 additional Social Service Workers, 4 Home and Community Service Area Supervisors, and 4 Office Support Assistants as a result of the increase in Medicaid eligibles due to extending coverage for all cancer patients. The additional staff required would be funded at 46% General Revenue and 54% Federal funds. DOH estimates costs to be \$1,231,940 in FY 07, \$1,334,564 in FY 08, and \$1,369,190 in FY 09.

Officials from the **Department of Social Services - Family Support Division (FSD)** state this proposal would provide Medicaid coverage to individuals diagnosed with cancer and not eligible

ASSUMPTION (continued)

for Medicaid pursuant to 42 USC 1396a(a)(10)(ii)(XVIII).

FSD states the proposal provides no guidance as to what constitutes eligibility for Medicaid services other than the following:

- 1) Diagnosed with cancer; and,
- 2) Not eligible for Medicaid pursuant to 42 USC 1396a(a)(10)(ii)(XVIII).

FSD assumes there are no requirements for income, assets, insured vs. uninsured status, etc.

According to data available from the Lance Armstrong Foundation (LAF) it is estimated Missouri will have 30,290 new cancer cases during 2004. This data has not been updated since its original post date; however, it still remains the most current information available on cancer incidence by state.

During FY 2005 a total of 158 women received services through the BCCTP and therefore are not eligible for Medicaid under the provisions of this bill.

$$30,290 - 158 = 30,132 \text{ new eligibles}$$

Since this program has no restrictions for income, resources, insurance, etc. the take-up rate (% of eligible population expected to apply) is projected to be much higher than normal. FSD expects 75% (take-up rate) of the total number of eligibles will apply for Medicaid under this program. FSD assumes most individuals eligible under this program will seek Medicaid assistance under this program as soon as it's available.

New Eligibles:

$$30,132 \times 75\% \text{ (take-up rate)} = 22,599$$

FISCAL IMPACT

Staffing:

FSD projects approximately 22,599 new Medicaid eligibles. In order to maintain this new population FSD will need additional staff. The new FTE's are based on an average caseload of 400 cases per Income Maintenance Caseworker.

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ASSUMPTION (continued)

22,599 cases/400 cases/caseworker = 56 new FTE's needed to support the increased caseload. Caseworker duties and responsibilities include take and process applications for eligibility, respond and answer both written and telephone requests for information or reported changes, and maintain all active cases in caseload.

FSD will need 6 new Supervisor I's (The ratio of IM Caseworkers to IM Supervisor I's is 10:1.) to support the 56 new caseworker FTEs. Supervisor duties and responsibilities include providing general policy/procedure directions for staff, tracking and monitoring of workflow, performance assessments, and other duties as assigned.

With the addition of 62 new FTEs (56 caseworkers + 6 supervisors) 6 (Ratio of professional staff to office support staff is 6:1) = 10.3 or 10 office support assistant's are needed to support the 62 new professional staff. Office support assistant duties include maintaining reports, typing letters, systems information (input/extraction), filing, accepting incoming phone calls for messages, maintaining stocks of supplies and forms, and other essential duties as support staff.

No other additional support or professional staff needed.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state this proposal makes persons diagnosed with cancer eligible for Medicaid benefits, including those persons diagnosed with breast or cervical cancer who are ineligible under current law.

In order to implement these provisions, the Department of Social Services must apply for a waiver from the Centers for Medicare and Medicaid Services (CMS). Due to the timeframe required for this process, there will not be a fiscal impact in FY 2007. Assuming that CMS approves the waiver, there will be a fiscal impact in FY 2008 and FY 2009. The cost was determined by utilizing a phase-in formula for the number of eligibles multiplied by the cost per eligible.

The Family Support Division (FSD) has estimated 22,599 new eligibles will meet these eligibility guidelines. The average monthly cost of a person eligible under the Breast or Cervical Cancer Treatment Program is \$1,642.09. Based on a twelve-month phase-in and taking into account the inflation forecast of 4.5% for medical care, the total cost for FY 08 would be \$252,053,438 and \$486,291,610 for FY 09.

Oversight assumes the proposal is for Missourians with cancer that do not have insurance or Medicaid. **Oversight** assumes Missourians would not be allowed to drop their insurance in order to obtain the coverage in this proposal. The Kaiser Commission on Medicaid and the Uninsured

ASSUMPTION (continued)

reports that for 2003-2004, 14% of Missourians were uninsured.

Using the estimate that FSD reported, **Oversight** assumes 4,241 (30,290 x 14%) Missourians might utilize this program or 354 will be added per month. In the second year and beyond, **Oversight** assumes half (354/2) or 177 will add per month because as some Missourians join the program each month, some will leave the program each month. **Oversight** estimates program costs to be \$14,877,835 for General Revenue and \$29,187,090 for Federal funds for FY 08. **Oversight** estimates program costs to be \$36,492,330 for General Revenue and \$71,590,049 for Federal funds for FY 09. These costs do not included additional FTE needed.

Since the **Oversight** is assuming participants are approximately 18% of the participants used by DOH and DOS, (4,221/22,599), **Oversight** will recalculate the FTE needed.

DOH estimated costs associated with personal service costs to be \$2,678,150 FY 07, \$2,901,239 in FY 08, and \$2,976,523 in FY 09. DMS noted above, due to the timeframe required for a waiver, there will not be a fiscal impact in FY 2007. **Oversight** assumes these costs will be \$522,223 in FY 08, and \$535,775 in FY 09.

FSD estimated costs associated with personal service costs to be \$3,193,924 FY 07, \$3,191,019 in FY 08, and \$3,272,877 in FY 09. **Oversight** assumes these costs will be \$574,384 in FY 08, and \$589,118 in FY 09.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
	(10 Mo.)		

GENERAL REVENUE

Costs - Department of Health and Senior Services

Personal Service	\$0	(\$135,234)	(\$138,616)
Fringe benefits	\$0	(\$59,585)	(\$61,074)
Expense and Equipment	<u>\$0</u>	<u>(\$45,404)</u>	<u>(\$46,766)</u>
Total Costs - Department of Health and Senior Services	\$0	(\$240,223)	(\$246,456)

<u>Costs - Department of Social Services</u>			
Personal Service	\$0	(\$173,345)	(\$177,678)
Fringe benefits	\$0	(\$76,376)	(\$78,285)
Expense and Equipment	\$0	(\$37,472)	(\$38,597)
Program costs	<u>\$0</u>	<u>\$14,877,835</u>	<u>(\$36,492,330)</u>
Total Costs - Department of Social Services	<u>\$0</u>	<u>\$14,590,642</u>	<u>(\$36,786,890)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$14,830,865)</u>	<u>(\$37,033,346)</u>
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FEDERAL

<u>Income - Department of Health and Senior Services</u>			
Program reimbursements	\$0	\$282,000	\$289,318

<u>Income - Department of Social Services</u>			
Program reimbursements	\$0	\$29,474,283	\$71,884,609

<u>Costs - Department of Health and Senior Services</u>			
Personal Service	\$0	(\$158,754)	(\$162,723)
Fringe benefits	\$0	(\$69,947)	(\$71,696)
Expense and Equipment	<u>\$0</u>	<u>(\$53,299)</u>	<u>(\$54,899)</u>
Total Costs - Department of Health and Senior Services	\$0	(\$282,000)	(\$289,318)

<u>Costs - Department of Social Services</u>			
Personal Service	\$0	(\$173,345)	(\$177,678)
Fringe benefits	\$0	(\$76,376)	(\$78,285)
Expense and Equipment	\$0	(\$37,472)	(\$38,597)
Program costs	<u>\$0</u>	<u>(\$29,187,090)</u>	<u>(\$71,590,049)</u>
Total Costs - Department of Social Services	<u>\$0</u>	<u>(\$29,474,283)</u>	<u>(\$71,884,609)</u>

ESTIMATED NET EFFECT ON FEDERAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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.

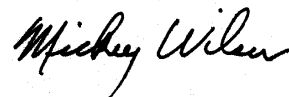
DESCRIPTION

This proposal makes persons diagnosed with cancer eligible for medicaid benefits, including those persons diagnosed with breast or cervical cancer who are ineligible under current law.

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 Social Services
Department of Health and Senior Services
Department of Mental Health
Office of Attorney General



Mickey Wilson, CPA
Director
January 19, 2006