

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3689-01  
Bill No.: SB 740  
Subject: Social Services Department; Disabilities  
Type: Original  
Date: February 6, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General	(\$781,782 to \$881,782)	(\$996,277 to \$1,096,277)	(\$1,044,688 to \$1,144,688)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$781,782 to \$881,782)</b>	<b>(\$996,277 to \$1,096,277)</b>	<b>(\$1,044,688 to \$1,144,688)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

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

\*Income and costs of over \$1,000,000 would net to \$0.

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

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Office of Attorney General** assume this proposal would not fiscally impact their agency.

Officials from 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 proposal. SOS is provided with core funding to handle a certain amount of normal activity resulting from each years legislative session. The fiscal impact for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 our office can sustain with our core budget. Therefore, 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.

Officials from the **Department of Elementary and Secondary Educations (DESE)** state DESE does not have the data required to make a fiscal determination and defers to the Department of Social Services.

ASSUMPTION (continued)

Officials from the **Department of Social Services - Family Support Division (FSD)** state if sheltered workshop income were to be disregarded from consideration as income for purposes of eligibility for Medicaid, approximately 1,337 Missourians could be potentially eligible. These eligibles are comprised of three (3) sub-groups of the Medicaid population:

1) Individuals moving from spenddown to nonspenddown:

Of this population, approximately 362 are expected to move from spenddown to non-spenddown. FSD anticipates that 74% will continue to meet spenddown which equates to 271 individuals (362 \* 74%).

2) Individuals who earn less than \$65:

This population contains 178 individuals who will not be impacted by this change because they earn less than \$65. As a result, this group is cost neutral.

3) Individuals who have a reduced spenddown:

FSD estimates that 797 individuals will have a reduction in spenddown. Of the 797 individuals impacted, 597 were already meeting spenddown with an average reduction of \$69.38 per person. The other 200 individuals did not previously meet spenddown and are not projected to meet spenddown with this change. Therefore, they remain cost neutral.

FSD states these cases are already being managed by the FSD; therefore, no additional FTE would be needed to implement this proposed legislation. The implementation of this bill will have no fiscal impact for FSD.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state an estimated 1,337 individuals will have their income from working at a sheltered workshop disregarded as income for determining Medicaid eligibility. This will reduce their spenddown. These individuals fall into one of three groups: currently spenddown but will move to non-spenddown - 362 individuals, currently non-spenddown remain non-spenddown because earnings less than \$65 - 178 individuals, and currently spenddown but will have a reduction in spenddown - 797 individuals.

DMS states lower spenddown for individuals means the DMS will pay higher costs or collect less in spenddown. This will result in higher costs to the DMS. These costs will be offset by the spenddown collected for individuals who are not currently participating in the program.

DMS states the count of individuals and spenddown amounts provided by Family Support Division.

ASSUMPTION (continued)

DMS states the average cost per eligible is based on the FY 05 expenditures for the MA-WD category of eligible reported in Table 23 - Missouri Medicaid Recipients and Payments.

A 4.5% inflation adjustment was made for each fiscal year.

The projected fiscal impact for FY 07 is \$2,176,320; \$2,729,089 in FY 08 and \$2,851,897 in FY 09.

Officials from the **Department of Health and Senior Services (DOH)** state there is potential savings to the Hope and Adult Head Injury Programs, though the amount of those savings are unknown, but are believed to be less than \$100,000.

In determining the fiscal impact of this proposal, DOH has made the following assumptions:

The Department of Social Services Family Support Division and the Division of Medical 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 administrative hearings regarding denial of eligibility.

The Department of Social Services, Family Support Division has provided information that this legislation would result in an estimated 1,597 new Medicaid eligibles as a result of exempting sheltered workshop employment income. Approximately 25% of these or 405 clients are currently receiving Medicaid through spend-down and thus would already be included in the 1,597 clients. Therefore, the number of new eligibles is estimated to be 1,192 (1,597-405).

In FY05 the department served 308,120 Medicaid recipients and approximately 16% of these are projected to be in-home service clients (49,419/308,120). Based on the 16% participation for in-home services, DOH estimates 191 additional Medicaid recipients will access home care. Since specific data related to in-home service utilization for Sheltered Workshop employees is not available, DOH has utilized the overall participation rate. DOH will need to provide case management for new clients participating in the in-home services program. DOH notes that the Department of Social Services will include costs for services for the new eligibles including the cost of in-home services.

**PERSONAL SERVICES**

Currently, caseloads for 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. Previously, DOH requested additional staff in an

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ASSUMPTION (continued)

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, DOH will require 2 Social Service Worker positions to case manage the new Medicaid eligibles ( $191/100 = 1.91$ ).

Social Service Worker duties include investigation of hotlines, eligibility determination and authorization of state-funded in-home services; care plan management and oversight and accountability for the performance including case review, evaluation, and guidance.

Currently, the ratio of Home and Community Area Supervisor is one supervisor for every ten Social Service Worker FTE. Therefore, since this legislation will only require 2 SSW FTE, DOH will absorb the supervision and clerical support of these new workers into current caseloads.

EXPENSE & EQUIPMENT

Standard expenses and equipment costs per FTE have been included in this fiscal estimate.

**Oversight** has, for fiscal note purposes only, changed the starting salary for DOH positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials from the **Department of Mental Health (DMH)** state persons served by DMH who are employees of sheltered workshops will benefit from the exclusion of their workshop earnings from Medicaid eligibility determination. The consumer working at a shelter workshop would have increased personal benefits as a result of this proposal.

DMH states it serves a portion of the 1,337 sheltered workshop clients that are included in the DOS fiscal note, but the actual number served is unknown. DMH is unable to validate the number of DMH consumers working in sheltered workshops with DESE Vocational Rehabilitation records due to confidentiality issues. DMH does not anticipate that this proposal would result in a cost to the DMH. Any increase in personal benefits for DMH clients employed by the shelter workshops would be applied toward the cost of their care and services.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Social Services			
Program Savings	Less than \$100,000	Less than \$100,000	Less than \$100,000
<u>Costs</u> - Department of Health and Senior Services			
Personal Service (2 FTE)	(\$22,034)	(\$27,577)	(\$28,267)
Fringe Benefits	(\$9,708)	(\$12,150)	(\$12,454)
Expense and Equipment	<u>(\$14,334)</u>	<u>(\$8,580)</u>	<u>(\$8,838)</u>
	(\$46,076)	(\$48,307)	(\$49,559)
<u>Cost</u> - Department of Social Services - Division of Medical Services			
Program costs	<u>(\$835,706)</u>	<u>(\$1,047,970)</u>	<u>(\$1,095,129)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>			
	<u><b>(\$781,782 to \$881,782)</b></u>	<u><b>(\$996,277 to \$1,096,277)</b></u>	<u><b>(\$1,044,688 to \$1,144,688)</b></u>
<b>FEDERAL</b>			
<u>Income</u> - Department of Health and Senior Services			
Program reimbursements	\$46,485	\$57,963	\$59,392
<u>Income</u> - Department of Social Services - Division of Medical Services			
Program reimbursements	\$1,340,614	\$1,681,119	\$1,756,768
<u>Costs</u> - Department of Health and Senior Services			
Personal Service (2 FTE)	(\$25,866)	(\$32,373)	(\$33,182)
Fringe Benefits	(\$11,397)	(\$14,264)	(\$14,620)
Expense and Equipment	<u>(\$9,222)</u>	<u>(\$11,326)</u>	<u>(\$11,590)</u>
	(\$46,485)	(\$57,963)	(\$59,392)

Cost - Department of Social Services -  
Division of Medical Services

Program costs	<u>(\$1,340,614)</u>	<u>(\$1,681,119)</u>	<u>(\$1,756,768)</u>
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**ESTIMATED NET EFFECT ON  
FEDERAL**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2007 (10 Mo.)	FY 2008	FY 2009
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

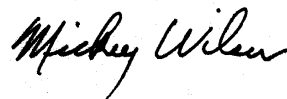
DESCRIPTION

This proposal provides that as to the permanent and totally disabled population, any income derived through certified extended employment at a sheltered workshop shall not be considered as income for determining Medicaid eligibility.

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 Mental Health  
Department of Social Services  
Department of Health and Senior Services  
Office of Attorney General  
Secretary of State  
Department of Elementary and Secondary Education



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