

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0399-01  
Bill No.: SB 108  
Subject: Social Services Department; Medicaid; Children and Minors  
Type: Original  
Date: February 19, 2007

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Bill Summary: This proposal extends medical assistance beyond the age of eighteen for certain foster children.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	\$0 or (Less than \$640,513)	\$0 or (Less than \$765,043)	\$0 or (Less than \$790,109)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (Less than \$640,513)</b>	<b>\$0 or (Less than \$765,043)</b>	<b>\$0 or (Less than \$790,109)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
	\$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 approximately \$1 million would net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Higher Education** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** state the Divisions of Mental Retardation and Developmental Disabilities (MRDD) and Comprehensive Psychiatric Services (CPS) assume that the population described in this proposal (i.e. children over 18) would generally already qualify for Medicaid benefits as a permanently and totally disabled (PTD) recipients. Therefore, this proposal should not have a fiscal impact on either division.

The Division of Alcohol and Drug Abuse (DADA) assume that their division would potentially serve more Medicaid eligible persons as a result of the proposed legislation. The Department of Social Services provided DMH with an estimate that 930 additional foster care children would be eligible for Medicaid as a result of this proposal.

Substance Abuse and Mental Health Services Administration (SAMHSA) prevalence estimates from the National Survey on Drug Use and Health for 2003 and 2004 combined show 24.04% of eighteen to twenty-five year olds reported a problem with alcohol or illicit drug dependence or abuse. The DADA estimates that the average cost for non-adolescent CSTAR is \$1,647. Therefore, DMH assumes if the entire population (24.04%) would seek DADA services, the cost would be \$368,223 (930 eligibles x 24.04% x \$1,647). This cost would be \$138,378 General Revenue (\$368,223 x 37.58%) and \$229,845 Federal (\$368,223 x 62.42%). Following the state prevalence estimate, DMH assumes that 24.04% of foster children attending secondary school, vocational, or higher education would have an alcohol or drug dependence problem. Since not all individuals seek treatment of for substance abuse/alcohol related conditions, DMH assumes the fiscal impact of this proposal could be less than \$138,378 General Revenue per year and less than \$229,845 Federal per year.

Officials from the **Department of Social Services - Children's Division** assume no fiscal impact. If the proposed legislation is intended for children who are in the custody of the Children's Division there would not be a fiscal impact as the Division is currently able to keep custody of children in special circumstances such as schooling past their eighteenth birthday. Foster children are provided Medicaid while they are in the legal custody of the Children's Division, up to age 21. Medicaid coverage is now dropped once a youth is released from Children's Division custody. This proposal would extend Medicaid coverage up to age 22, but the Division only has the authority to keep a youth in foster care until the age of 21, if the juvenile court concurs.

ASSUMPTION (continued)

If the proposed legislation is intended to include children who were once in the custody of the Division, there would not be a fiscal impact to Children's Division. However, it would impact other divisions within the Department of Social Services.

Officials from the **Department of Social Services (DSS) - Division of Medical Services (DMS)** assume this proposal has an unknown fiscal impact. The impact will depend on how the term "foster care" is interpreted. If the foster care child is currently in the custody of the Children's Division, no impact. Foster children are currently provided Medicaid while in the legal custody of the Children's Division, up to age 21.

If the proposal is interpreted to mean that children who go to a college or vocational school will retain their Medicaid eligibility up to age 22, even if they leave State custody, the proposal will have a fiscal impact on the DMS. Following is a cost estimate for those who were once in custody of the Children's Division.

The estimated number of individuals this proposal may impact is 930. Projection assumes the 930 children were foster children in the Children's Division custody on or after their 18th birthday. Estimate provided by the Family Service Division/Children's Division.

The average fee-for-service cost/eligible is based on FY06 actual costs for a group of foster care children - ages of 19, 20 and 21. The managed care cost/eligible is the FY06 average per member per month (PMPM). Both costs/eligible were inflated by 4%.

The individuals would receive their health care from either Managed Care and Fee-for-Service programs. The cost for each program follows:

Managed Care - 167 foster care children x \$209.90 x 10 months = \$350,533.

Fee-For-Service – 763 foster care children x \$129.18 x 10 months = \$985,643.

A 4% trend was added to the cost for FY09 and FY10.

The FY08 cost estimate is \$1,336,176 Total /\$502,135 General Revenue (10 months). The FY09 cost is \$1,667,548 (\$626,665 GR) for 12 months. The FY10 cost is \$1,734,250 (\$651,731 GR) for 12 months.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Social Services</u> Program Costs (DMS)	<u>\$0 or</u> <u>(\$502,135)</u>	<u>\$0 or</u> <u>(\$626,665)</u>	<u>\$0 or</u> <u>(\$651,731)</u>
<u>Costs - Department of Mental Health</u> Program Costs	<u>(Less than</u> <u>\$138,378)</u>	<u>(Less than</u> <u>\$138,378)</u>	<u>(Less than</u> <u>\$138,378)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 or (Less</u></b> <b><u>than \$640,513)</u></b>	<b><u>\$0 or (Less</u></b> <b><u>than \$765,043)</u></b>	<b><u>\$0 or (Less</u></b> <b><u>than \$790,109)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - Department of Social Services</u> Federal Assistance	<u>\$0 or (Less than</u> <u>\$1,063,886)</u>	<u>\$0 or (Less than</u> <u>\$1,270,728)</u>	<u>\$0 or (Less than</u> <u>\$1,312,364)</u>
<u>Costs - Department of Social Services</u> Program Costs (DMS)	<u>\$0 or</u> <u>(\$834,041)</u>	<u>\$0 or</u> <u>(\$1,040,883)</u>	<u>\$0 or</u> <u>(\$1,082,519)</u>
<u>Costs - Department of Mental Health</u> Program Costs	<u>(Less than</u> <u>\$229,845)</u>	<u>(Less than</u> <u>\$229,845)</u>	<u>(Less than</u> <u>\$229,845)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

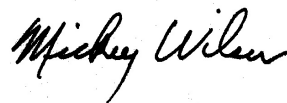
FISCAL DESCRIPTION

This legislation allows medical assistance to be provided to foster children beyond their eighteenth birthday under certain conditions. A foster child who reaches the age of 18 and is enrolled in and attending high school or pursuing a graduation equivalence degree (GED) may continue to receive medical assistance until the child completes high school or an equivalency degree or reaches the age of 19, whichever comes first. A foster child who is enrolled in a vocational or higher education institution by October 1 following graduation from high school or the completion of an equivalency degree may continue to receive medical assistance until the child completes his or her education or reaches the age of 22, whichever comes first. The child must enroll in at least 12 hours of credit per semester and maintain grades sufficient to re-enroll at the institution.

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 Higher Education  
Department of Mental Health  
Department of Social Services



Mickey Wilson, CPA  
Director

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