COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0250-02
Bill No.: SCS for SB 18
Subject: Insurance - Medical; Health Dept.; Health Care
Type: Original
Date: February 19, 2009

Bill Summary: Establishes the Missouri Universal Health Assurance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(Unknown, could exceed $41,546,759)	(Unknown, could exceed $51,618,346)	(Unknown, could exceed $53,910,149)
Total Estimated Net Effect on General Revenue Fund	**(Unknown, could exceed $41,546,759)**	**(Unknown, could exceed $51,618,346)**	**(Unknown, could exceed $53,910,149)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Missouri Health Care Trust	($26,160)	($26,945)	($27,753)
Premium	(Unknown, could exceed $395,020)	(Unknown, could exceed $495,554)	(Unknown, could exceed $517,854)
Total Estimated Net Effect on Other State Funds	**(Unknown, could exceed $421,180)**	**(Unknown, could exceed $522,499)**	**(Unknown, could exceed $545,607)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0***	**$0***	**$0***

*** Income and expenditures are unknown, but expected to exceed $110 million annually and net to $0.**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	40.8	40.8	40.8
Federal	41.2	41.2	41.2
Total Estimated Net Effect on FTE	**82**	**82**	**82**

☒ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Senate, Department of Insurance, Financial Institutions and Professional Registration,** and **Office of the Governor** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Missouri House of Representatives** assume the proposal will not fiscally impact their organization. It is assumed that any expenses related to the Commission would be incurred by the Department of Social Services.

Officials from the **Office of Secretary of State (SOS)** state the fiscal impact for this proposal is less than $2,500. The SOS realizes this is a small amount and does not expect that additional funding would be required to meet these costs. The SOS 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 that the office can sustain within its core budget. Therefore, the 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 Mental Health (DMH)** state Section 354.770 requires that all Title XVIII (Medicare) and Title XIX (Medicaid/MO HealthNet) collections will be deposited into the Missouri Health Care Trust Fund (MHCTF). The DMH collected $264,524,067 in federal funds from MC+, MO HealthNet, Uncompensated Care, and Medicare in FY 2008 and deposited them in the following funds:

General Revenue	$169,837,490
Federal	$ 94,686,577
TOTAL	$264,524,067

The DMH assumes that Department of Social Services (DOS) requests and receives a waiver from the Centers for Medicare and Medicaid Services for deposit of federal funds into the MHCTF on or about April 1, 2010. Therefore, the revenues for the final 3 months of FY 10 would be deposited into the MHCTF. Based on DMH's FY 10 annual revenue projection of $273,000,000 (General Revenue and Federal funds), the 3 month amount is $68,250,000 (FY 10 projected revenues of $273,000,000 / 12 x 3). The loss to DMH FY 10 General Revenue collections is estimated to be $170,000,000 in FY 11 and FY 12. General Revenue estimates are based on FY 10 DMH projections by revenue group for all DMH facilities.

ASSUMPTION (continued)

The DMH is assuming that all of the above DMH collections from Medicare, MO HealthNet, and Uncompensated Care would be deposited into the Missouri Health Care Trust Fund. This does not represent a loss of funds to the state. The DMH assumes these funds would be used to provide covered services to persons through the Missouri Health Care Trust Fund instead of through the General Revenue (GR) and Federal appropriations.

If the DMH assumes that the Missouri Health Assurance program would choose DMH as a provider of services, the fiscal impact to the DMH would be dependent on the payments made to DMH under the new plan compared to current GR and Federal funding.

If the DMH assumes that the Missouri Health Assurance program would choose not to utilize DMH as a provider of services, there could be a loss of funding to DMH if DMH appropriations were reduced in proportion to the amount previously deposited by DMH to GR and Federal funds. The DMH believes if this were to happen, there is no guarantee that individuals in need of mental health services would receive the same level of care they currently receive.

Depending on the assumption scenario, there could be an impact of reduced funding to DMH which cannot be determined at this time. The DMH defers to MO HealthNet to calculate the new eligibles and will base cost estimates upon that calculation in subsequent fiscal years.

Oversight assumes the DMH would be selected by the Commission as a provider of services under the Health Assurance Program. Therefore, all funds and costs incurred by the DMH will offset each other and the net effect will be $0. For fiscal note purposes, **Oversight** is not showing transfers of revenues and expenses between funds for the DMH.

Officials from the **Department of Social Services (DOS) - MO HealthNet Division (MHD)** state Section 208.640.1(1) eliminates the premium for families with a gross income between one-hundred fifty-one and two hundred twenty-five percent of the federal poverty level. It is estimated that there will be an additional 16,000 new participants. The average monthly SCHIP cost per child is $178.30. Therefore, the annual cost will be $34,233,600 (16,000 additional participants X $178.30 X 12 months). In addition, it is estimated that the cost to replace the premium income will be $13,505,617. Therefore, the total annual cost for these participants will be $47,739,217 ($34,233,600 + $13,505,617).

Section 208.640.1(2) changes the premium for families with a gross income between two hundred twenty-six percent and three hundred percent of the federal poverty level to no more than $50. The total annual cost for these participants will be $8,370,943.

ASSUMPTION (continued)

Section 208.151.1(24) increases the income limits for persons eligible for the old age assistance and permanent and total disability benefits to one hundred percent of the federal poverty level. This change will impact current eligibles by reducing their spenddown or eliminating their spenddown. The projected annual cost is $95,205,285.

Section 208.151.1(c) also authorizes the family support division to exclude the income or resources of a parent or parents of children under the age of eighteen that are eligible for permanent and total disability benefits. These costs are unknown, but greater than $100,000 annually.

The total annual cost for MHD is unknown, but greater than $151,415,445. The cost for FY 10 (10 months) is at least $126,129,066. The costs for FY 11 and FY 12 are at least $158,229,141 and $165,349,453 after applying a 4.5% medical inflation. In addition to General Revenue and the federal fund, the premium fund is being used.

Officials from the **DOS - Family Support Division (F.D.)** provide the following assumptions:

Section 208.151(24):

This section modifies the eligibility requirements for MO HealthNet for the Aged, Blind, and Disabled (MHABD). As a result, the F.D. anticipates 7,964 participants moving from spenddown to non-spenddown and 21,248 participants would see a decrease in their spenddown amounts. The F.D. anticipates 5,806 new participants would be eligible for the program.

This section also seems to establish new eligibility criteria for children ("a person under the age of eighteen") that are permanently and totally disabled (PTD) that excludes all income and resources of the parents. The F.D. cannot determine the number of additional cases this would add to its PTD caseload because this appears to include most disabled children in the state of Missouri. However, F.D. anticipates the cost would exceed $100,000.

Section 208.640.1(1):

This section reduces or eliminates premiums for the SCHIP program. Families with a gross income between 151% and 224% of FPL will pay no monthly premium. The F.D. anticipates 16,000 new cases annually as a result of this section.

Families between 225% and 300% of the federal poverty level (FPL) have a maximum monthly payment of $50. The F.D. anticipates 3,153 new cases annually as a result of this section.

Total new cases as a result of this section: 16,000 + 3,153 = 19,153.

ASSUMPTION (continued)

Funding Needs Based on Additional Staffing Requirements

Section 208.151(24):

F.D. will need 21 new Eligibility Specialists to handle the new cases for MHABD individuals. 5,806/283 = 20.52, rounded up to 21.

Section 208.640.1(1):

F.D. will need 39 new Eligibility Specialists to handle the new cases for SCHIP individuals. F.D. estimates 9,577 cases based on 19,153 new children and two children per case (19,153 participants/2 children per case = 9,577 cases/243 = 39.41 rounded down to 39)

Total new Eligibility Specialists: 21 + 39 = 60

Based on a 10 to 1 ratio, 6 Eligibility Supervisors will be needed (61 / 10 = 6).

A clerical staff is needed for every 6 professional staff, so F.D. will need 11 clerical, 8 Office Support Assistants - Keyboard (OSAs) and 3 Senior Office Support Assistants (SOSAs). (60 Eligibility Specialists + 6 Eligibility Supervisors = 66 / 6 = 11; 11 x 0.75 = 8.25, rounded down to 8 OSA; 11 – 8 = 3 SOSA)

Total new staff: 60 Eligibility Specialists, 6 Eligibility Supervisors, 8 OSAs, and 3 SOSAs for a total of 77 staff.

The F.D. estimates total costs including salaries, fringe benefits, equipment and expense, and rent for FY 10 to be $3,838,464; FY 11 costs to be $3,854,788; and FY 12 costs to be $3,970,432.

Officials from the **Department of Health and Senior Services (DOH)** state DOH assumes the DOS 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 DOH - **Division of Senior and Disability Services (DSDS)** utilized estimates from the DOS - Family Support Division (F.D.) to determine the following impact.

ASSUMPTION (continued)

Section 208.151.1(24)(a) and (c)
Estimate of Additional Eligibles

Based on the proposed new eligibility guidelines, an additional 5,806 individuals would be eligible under the new eligibility criteria. These individuals would be eligible for the Home and Community Based Services (HCBS) program. The utilization rate for HCBS by individuals in FY 2008 was 17.29 percent. Therefore, DSDS estimates 1,004 additional individuals will require assessments, authorizations, and care plan management for HCBS by Social Service Workers (5,806 X 0.1729 = 1,003.86).

Estimated Costs

As of June 30, 2008, caseloads for the Division's Social Service Workers averaged approximately 210 per FTE ((46,255 In-Home + 11,258 Consumer-Directed + 7,373 RCF)/308 FTE). Pursuant to Section 660.021, RSMo, the Caseload Standards Advisory Committee recommended that caseloads should be no more than 80 per worker. The division would request 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 to100 per worker, DSDS will require 10 Social Service Worker FTE to provide care plan management for the new eligibles as a result of this legislation (1,004 clients/100 = 10.4). Social Service Worker duties include the responsibility for investigation of hotlines; eligibility determination and authorization of state-funded in-home services; and care plan oversight.

Currently, the ratio of Home and Community Area Supervisors (HCSAS) is one supervisor for every 10 Social Service Worker (SSW) FTE. Therefore, since this legislation will require 10 SSW FTE, DSDS will also need one additional supervisor and one additional clerical staff. HCSASs provide oversight and accountability for the performance of SSWs including case review, evaluation, and guidance. Senior Office Support Assistants-Keyboarding (SOSA-K) provide clerical support services for SSWs and HCSASs including scheduling, correspondence, filing, and other routine clerical duties.

Standard per FTE expense and equipment costs are included in this fiscal estimate. The blended Federal participation rate of 46 percent General Revenue and 54 percent Federal was applied to this cost estimate for Personal Services and Expense and Equipment.

The DOH estimates total costs for FY 10 of $320,874 to the General Revenue Fund; FY 11 costs of $394,914; and FY 12 costs of $360,413. Costs reimbursed by Federal match net to $0 and are estimated to be $181,970 for FY 10; $199,465 for FY 11; and $205,966 for FY 12.

ASSUMPTION (continued)

Oversight assumes the DOH-DSDS will maintain the current caseload ratio of clients to Social Service Workers (SSW). As a result, **Oversight** is reducing the number of additional staff requested by the DOH to 5 FTE Social Workers (1004 clients/210 cases per FTE = 4.78 FTE). Since the HCSAS ratio is 1 supervisor for every 10 SSWs, **Oversight** assumes the current supervisors and support staff will absorb the additional work generated as a result of the 5 new SSWs. In addition, **Oversight** assumes the DOH will not need additional rental space.

Oversight obtained information relating to average board meeting costs. **Oversight** assumes meetings for the Missouri Universal Health Assurance Commission (Commission) would last 2 days each. Based on 240 miles average round trip at 41.5 cents per mile ($100), meal expense of $50 (including an evening meal), $75 in hotel expense (1 night), and express mailing costs of $47.50, **Oversight** estimates $272.50 in expenses per commission member per meeting. The Commission is to be composed of 16 members and is to meet as necessary. **Oversight** assumes the Commission will meet at least six (6) times per year. **Oversight** assumes Commission meeting costs of $26,160 for FY 10; $26,945 for FY 11; and $27,753 for FY 12.

Oversight assumes the DOS will submit a waiver to the Center for Medicare and Medicaid Service in FY 09 and that the waiver would be approved by June 2010. Therefore, the legislation would be effective for all of FY 11 and FY 12.

Officials from the **Office of State Treasurer (STO)** did not respond to our request for a statement of fiscal impact. However, based on their response to an earlier version of this proposal, **Oversight** assumes the proposal will have no fiscal impact on the STO.

FISCAL IMPACT - State Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
Costs - DOS			
Personal service (38.5 FTE)	(Unknown, could exceed $929,152)	(Unknown, could exceed $1,148,891)	(Unknown, could exceed $1,183,358)
Fringe benefits	(Unknown, could exceed $451,846)	(Unknown, could exceed $558,706)	(Unknown, could exceed $575,467)
Equipment and expense	(Unknown could exceed $538,234)	(Unknown, could exceed $219,797)	(Unknown, could exceed $226,391)
Increase in program benefit costs (Section 208.640.1(1))	(Unknown, could exceed $12,453,148)	(Unknown, could exceed $15,622,497)	(Unknown, could exceed $16,325,509)
Increase in program benefit costs (Section 208.640.0(2))	(Unknown, could exceed $2,183,626)	(Unknown, could exceed $2,739,363)	(Unknown, could exceed $2,862,634)
Increase in program benefit costs (Section 208.151.1(24)	(Unknown, could exceed $24,835,043)	(Unknown, could exceed $31,155,606)	(Unknown, could exceed $32,557,609)
Increase in program benefit costs (Section 208.151.1(c))	(Unknown, could exceed $26,086)	(Unknown, could exceed $32,724)	(Unknown, could exceed $34,197)
Total Costs - DOS	(Unknown, could exceed $41,417,135)	(Unknown, could exceed $51,477,584)	(Unknown, could exceed $53,765,165)
FTE Change - DOS	38.5 FTE	38.5 FTE	38.5 FTE

FISCAL IMPACT - State Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND (cont.)			
Costs - DOH			
Personal service (2.3 FTE)	($63,679)	($78,707)	($81,068)
Fringe benefits	($30,967)	($38,275)	($39,423)
Equipment and expense	($34,978)	($23,780)	($24,493)
Total Cost - DOH	($129,624)	($140,762)	($144,984)
FTE Change - DOH	2.3 FTE	2.3 FTE	2.3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**(Unknown, could exceed $41,546,759)**	**(Unknown, could exceed $51,618,346)**	**(Unknown, could exceed $53,910,149)**
Estimated Net FTE Change for General Revenue Fund	40.8 FTE	40.8 FTE	40.8 FTE
MISSOURI HEALTH CARE TRUST FUND			
Transfer-In - from Federal Funds			
DOS Federal program reimbursements	$0	$0	$0
DOH reimbursements	$0	$0	$0
Total Transfer-In - from Federal Funds	$0	$0	$0
Costs - Missouri Universal Health Assurance Commission			
Commission meeting costs (16 members)	($26,160)	($26,945)	($27,753)
ESTIMATED NET EFFECT ON MISSOURI HEALTH CARE TRUST FUND	**($26,160)**	**($26,945)**	**($27,753)**

FISCAL IMPACT - State Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
FEDERAL FUNDS			
Income - DOS			
Increase in program reimbursements (F.D.)	Unknown, could exceed $1,919,232)	Unknown, could exceed $1,927,394	Unknown, could exceed $1,985,216
Increase in program reimbursements (Section 208.640.1(1))	Unknown, could exceed $27,189,075	Unknown, could exceed $34,108,744	Unknown, could exceed $35,643,638
Increase in program reimbursements (Section 208.640.1(2))	Unknown, could exceed $4,767,531	Unknown, could exceed $5,980,876	Unknown, could exceed $6,250,016
Increase in program reimbursements (Section 208.151.1(24))	Unknown, could exceed $54,222,584	Unknown, could exceed $68,022,329	Unknown, could exceed $71,083,333
Increase in program reimbursements (Section 208.151.1(c))	Unknown, could exceed $56,953	Unknown, could exceed $71,448	Unknown, could exceed $74,663
Total Income - DOS	Unknown, could exceed $88,155,375	Unknown, could exceed $110,110,791	Unknown, could exceed $115,036,866
Income - DOH			
Increase in reimbursements	$181,970	$199,465	$205,966
Total All Income	Unknown, could exceed $88,337,345	Unknown, could exceed $110,310,256	Unknown, could exceed $115,245,832

FISCAL IMPACT - State Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
FEDERAL FUNDS (cont.)			
Costs - DOS			
Personal service (38.5 FTE)	(Unknown could exceed $929,152)	(Unknown, could exceed $1,148,891)	(Unknown, could exceed $1,183,358)
Fringe benefits	(Unknown, could exceed $451,846)	(Unknown, could exceed $558,706)	(Unknown, could exceed $575,467)
Equipment and expense	(Unknown, could exceed $538,234)	(Unknown, could exceed $219,797)	(Unknown, could exceed $226,391)
Increase in program benefit costs (Section 208.640.1(1))	(Unknown, could exceed $27,189,075)	(Unknown, could exceed $34,108,744)	(Unknown, could exceed $35,643,638)
Increase in program benefit costs (Section 208.640.1(2))	(Unknown, could exceed $4,767,531)	(Unknown, could exceed $5,980,876)	(Unknown, could exceed $6,250,016)
Increase in program benefit costs (Section 208.151.1(24))	(Unknown, could exceed $54,222,584)	(Unknown, could exceed $68,022,329)	(Unknown, could exceed $71,083,333)
Increase in program benefit costs (Section 208.151.1(c))	(Unknown, could exceed $56,953)	(Unknown, could exceed $71,448)	(Unknown, could exceed $74,663)
Total Costs - DOS	(Unknown, could exceed $88,155,375)	(Unknown, could exceed $110,110,791)	(Unknown, could exceed $115,036,866)
FTE Change - DOS	38.5 FTE	38.5 FTE	38.5 FTE

FISCAL IMPACT - State Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
FEDERAL FUNDS (cont.)			
Costs - DOH			
Personal service (2.7 FTE)	($74,754)	($92,395)	($95,167)
Fringe benefits	($36,353)	($44,932)	($46,797)
Equipment and expense	($43,175)	($27,916)	($28,753)
Other costs	($27,688)	($34,222)	($35,249)
Total Cost - DOH	($181,970)	($199,465)	($205,966)
FTE Change - DOH	2.7 FTE	2.7 FTE	2.7 FTE
ESTIMATED NET EFFECT ON FEDERAL FUNDS	$0	$0	$0
Estimated Net FTE Change for Federal Funds	41.2 FTE	41.2 FTE	41.2 FTE
PREMIUM FUND			
Loss - DOS			
Reduction in premium funds collected (Section 208.640.1(1)	(Unknown, could exceed $336,088)	(Unknown, could exceed $421,623)	(Unknown, could exceed $440,597)
Reduction in premium funds collected (Section 208.640.1(2)	(Unknown, could exceed $58,932)	(Unknown, could exceed $73,931)	(Unknown, could exceed $77,257)
ESTIMATED NET EFFECT ON PREMIUM FUND	**(Unknown, could exceed $395,020)**	**(Unknown, could exceed $495,554)**	**(Unknown, could exceed $517,854)**

FISCAL IMPACT - Local Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
	$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

Section 208.151(24)(a) raises the income limit for old age assistance benefits to 100% of the federal poverty level effective July 1, 2009.

Section 208.151(24)(c) raises the income limit for permanent and total disability (PTD) to 100% of the federal poverty level effective July 1, 2009. Ths section appears to establish new eligibility criteria for children for PTD that excludes all income and resources of the parents.

Section 208.640.1(1) reduces or eliminates premiums for the SCHIP program. Families with a gross income between 151% and 224% of the federal poverty level will pay no monthly premium. Families between 225% and 300% of the federal poverty level have a maximum monthly payment of $50.

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 Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Social Services
Office of the Governor
Missouri House of Representatives
Missouri Senate
Office of Secretary of State

NOT RESPONDING: Office of State Treasurer

Mickey Wilson

HW-C:LR:OD

Mickey Wilson, CPA
Director
February 19, 2009

HW-C:LR:OD