COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0817-05
Bill No.: SCS for SB 306
Subject: Department of Social Services; Health Care; Health, Public; Insurance-Medical
Type: Original
Date: March 16, 2009

Bill Summary: This legislation establishes the Show-Me Health Coverage plan to provide health care coverage through the private insurance market to low-income working individuals.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	($270,882)	($4,061,720)	($11,217,224)
Total Estimated Net Effect on General Revenue Fund	**($270,882)**	**($4,061,720)**	**($11,217,224)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
FRA Fund	($27,944,541)	($52,543,766)	($75,437,257)
Total Estimated Net Effect on Other State Funds	**($27,944,541)**	**($52,543,766)**	**($75,437,257)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 20 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 costs of approximately $50,367,110 in FY10, $101,546,241 in FY11 and $155,327,079 in FY12 would net to $0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	.92 FTE	1.38 FTE	1.84 FTE
Federal	1.08 FTE	1.62 FTE	2.16 FTE
Total Estimated Net Effect on FTE	**2 FTE**	**3 FTE**	**4 FTE**

☒ 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 **Office of Administration-Administrative Hearing Commission**, **Department of Conservation**, **Missouri Consolidated Health Care Plan**, **Missouri Senate**, **Missouri House of Representatives** and the **Department of Insurance, Financial Institutions & Professional Registration** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of 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 act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the 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.

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)** assume this legislation would establish a health insurance plan to provide coverage to low income, working individuals. It is not known how many individuals would be affected or what services they might receive through the insurance plan. The DMH assumes some consumers may qualify for the plan therefore projected savings are unknown.

Officials from the **Department of Health and Senior Services (DHSS)** state the following:

Section 208.1306.2.: The DHSS assumes the Department of Social Services (DSS) will

calculate the fiscal impact associated with determining eligibility under the new requirements, the cost of

ASSUMPTION (continued)

services for the new group of eligible recipients, and the cost of any administrative hearings regarding denial of eligibility. DHSS, Division of Senior and Disability Services (DSDS) has utilized estimates from the DSS, Family Support Division to determine the fiscal impact. DSS plans to phase in implementation over several years, beginning in FY 2010.

FY 2010:

Estimate of Additional Eligibles

DSS estimates approximately 23,614 individuals would be eligible under "Show-me Health Coverage." Section 208.1306.2.(17) of the proposed legislation lists personal care as one of the covered services. Of those eligible for the coverage, based on U.S. Census data, DSDS estimates 2,725 (11.54 percent) would be eligible for Home and Community Based Services (HCBS) program. Therefore, DSDS estimates 341 additional individuals (12.52 percent of those eligible) will utilize these services in FY 2010 based on current usage patterns by Medicaid-eligible individuals.

Estimated Costs

As of June 30, 2008, caseloads for the DSDS Social Service Workers (SSW) 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 SSW.

Keeping with the previous request to reduce caseloads to 100 per worker, DSDS will require 3.5 SSW FTE to case manage the new eligibles as a result of this legislation (341 clients/100 = 3.41). SSW duties include the responsibility for investigation of hotlines, eligibility determination and authorization of state-funded in-home services, and care plan management.

FY 2011

DSS estimates an additional 15,262 eligibles. DSDS anticipates approximately 220 eligibles will utilize services in FY 2011 resulting in the need for an additional two SSW.

FY 2012

DSS estimates an additional 15,625 eligibles. DSDS anticipates approximately 226 eligibles will utilize services in FY2012 resulting in the need for an additional 2.50 SSW.

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

ASSUMPTION (continued)

FY 2013-2017
Costs and FTE requirements have been determined for FY 2013-2017 based on DSS estimates. 7 SSW FTE in FY13, 3.5 SSW FTE in FY14, 6 SSW FTE in FY15, 7 SSW FTE in FY16 and 7.5 SSW FTE in FY17. In addition to SSWs, DSDS will require one Home and Community Area Supervisors (HCSAS) and one Senior Office Support Assistant-Keyboarding (SOSA-K) for every ten SSW FTE.

Since this legislation will require a cumulative total of 13.00 SSW FTE in FY 2013, DSDS will also need one supervisor and one clerical staff in that fiscal year, as well as one each in FYs 2015 and 2017 for each additional ten SSW FTE. 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.

Ongoing costs for a total of 36 FTE would be required after full implementation is complete in FY 2017. The overall health of individuals participating in this program would likely improve as they would have access to preventive care that may not have been available to them prior to the establishment of this program.

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures.

Oversight has, for fiscal note purposes only, changed the caseload for the DHSS positions to the current caseload of 210 clients per FTE. Therefore, DHSS will need 2 SSW FTE in FY10, 1 additional SSW FTE in FY11 and 1 additional SSW FTE in FY12.

Oversight has, for fiscal note purposes only, changed the starting salary for the DHSS 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 Social Services - Division of Legal Services (DLS)** assume since the Department will be making determinations as to income and other eligibility factors

that these persons will be given a right to a hearing if they do not agree with the decision. Since this legislation includes this program in section 208, appeals would be under 208.080 and the administrative hearings unit would be responsible for the hearings. The estimated amounts of participants are as below.

ASSUMPTION (continued)

Type of Participant	Full-Year Estimated Participants	Implementation Date
Custodial Parents Under 50% of FPL	23,614	7/1/2009
Custodial Parents 50% to 75% of FPL	15,262	7/1/2010
Custodial Parents 75% to 100% of FPL	15,625	7/1/2011
Noncustodial Adults Under 100% of FPL	37,050	7/1/2012
Adults from 100% to 125% of FPL	23,782	7/1/2013
Adults from 125% to 150% of FPL	29,674	7/1/2014
Adults from 150% to 200% of FPL	45,562	7/1/2015
Adults from 200% to 225% of FPL	17,503	7/1/2016

DLS estimates that 10% of participants request hearings on an annual basis. Thus, for each year the amount of hearings added would be:

FY10 236	FY11 153	FY12 156	FY13 371
FY14 238	FY15 297	FY16 457	FY17 175

It is assumed that a benefits hearing officer can handle 900 hearings per year. It is assumed that there would be no impact in FY10, as these cases are not new to FSD/MHD, as they are parents on open children's cases. The number of hearings in FY11 and FY12 can be handled by the current staff. FY13 is when there would be a fiscal impact to hearings of one hearing officer. It is assumed that by full implementation in FY17, a fiscal impact of 2 hearing officers.

It is also assumed that any rulemaking that would need to be done would be handled by MHD and should be reflected in their fiscal note.

Officials from the **Department of Social Services - Family Support Division (FSD)** state the following:

Section 208.1303: Based on information from the MO HealthNet for Kids (MHK) program and 2007 Census Bureau, and if funds were appropriated to cover this at 100%, the Family Support Division (FSD) has determined there would be 208,073 new participants for this program. These

participants would be phased in over a period of eight years, as outlined below.

Section 208.1318.1(1): Refers to persons eligible under subsection 2 of section 208.145, which would allow participants to be eligible for Show Me Health Coverage under a state plan amendment and they would not be required to contribute to a health care account.

ASSUMPTION (continued)

Based on information from the bill sponsor, FSD assumes the intent is to cover custodial parents up to 100% of FPL under a state plan amendment and language to provide that coverage will be added to the legislation.

The FSD fiscal note is based on determining the income eligibility only. The cost to manage the health care accounts, determining the amount of the cost share for each person, and determining at which point benefits will become available after the cost share is met will be funded through the MO HealthNet Division (MHD) fiscal note and budget.

PHASE I
The first phase, to be implemented 7/1/09, would provide health care for 23,614 custodial parents with income up to 50% of the federal poverty level (FPL). These are individuals already known to FSD as their children are currently receiving MO HealthNet benefits. FSD would not see an increase in caseload size due to these participants. FSD would incur a mailing cost of $8,501.04 ($0.36 bulk mail rate per letter x 23,614) to notify the custodial parents of the program and offer them a chance to enroll.

FSD is deferring to OA-ITS to include FAMIS programming costs in their fiscal note response.

PHASE II
The second phase, to be implemented 7/1/10, would provide health care for 15,262 custodial parents with income up to 75% of the FPL. These are individuals already known to FSD as their children are currently receiving MO HealthNet benefits. FSD would not see an increase in caseload size due to these participants. FSD would incur a mailing cost of $5,494.32 ($0.36 bulk mail rate per letter x 15,262) to notify the custodial parents of the program and offer them a chance to enroll.

PHASE III
The third phase, to be implemented 7/1/11, would provide health care for 15,625 custodial parents with income up to 100% of the FPL. These are individuals already known to FSD as their children are currently receiving MO HealthNet benefits. FSD would not see an increase in caseload size due to these participants. FSD would incur a mailing cost of $5,625.00 ($0.36 bulk

mail rate per letter x 15,625) to notify the custodial parents of the program and offer them a chance to enroll.

In Phases IV through VIII FSD will need to gradually add staff to process applications for new eligibles. Unlike custodial parents in the first three phases, these individuals will be new applicants who were not previously eligible for assistance.

ASSUMPTION (continued)

Section 208.1333: FSD assumes that this section means once an enrollment maximum appropriated for is reached, persons who meet eligibility requirements may buy the coverage by paying the full premium. This would include the amount required under Section 208.1324 plus the amount that the MO HealthNet program would pay.

FSD also assumes that even though enrollment can be capped by appropriation, the insurer or HMO has to know who is eligible in order to offer them the coverage required by this section. Therefore FSD would continue to receive and process applications to make that determination even after the maximum enrollment has been reached.

Officials from the **Department of Social Services - Information Technology Services Division (ITSD)** states ITSD is anticipating a 2% increase in CPU, storage and other related mainframe and server-based costs associated with State Data Center operations for FAMIS resulting from the addition of the Show-me Health Care population. Current monthly SDC charges for FAMIS operations averages about $275,000 per month. Assuming implementation date of September 1, 2009:

$275,000 * 2% = $5,500 per month -- 10 months in production in FY 2010 so FY10 cost = $55,000. FAMIS funding split - 76% GR, 24% Federal. GR expenditure would amount to $41,800 and Federal expenditure would be $13,200.

$275,000.00 * 2% = $5,500 per month or $66,000 per year in FY11 and continuing. GR expenditure would be $50,160 and Federal expenditure would be $15,840.

Additionally, the use of a staggered implementation for the population would require expenditures through 2016 for software development.

Section 208.1306: Assumes that current managed care system would be employed to assign the health care home. Also assumes current systems infrastructure would be used to create new Medicaid Eligibility (ME) codes and the work level of effort to modify the systems is required and included under Section 208.1318 below.

Section 208.1318: Level of effort for modification to the FAMIS eligibility system to include Show-me Health Care population: Total hours for FAMIS changes, 2,640.

Level of effort for changes and enhancements to the MO HealthNet, system, MMIS interfaces, managed care enrollment broker interfaces and the MO HealthNet premium payment system and direct deposit system (manages EFT's for premium paying clients):

ASSUMPTION (continued)

- Create managed care regions and enroll Show-me Health Plan recipients in the appropriate region based on residence. Estimating 300 hours based on hours expended on MC+ expansion project implemented in the fall of 2007. The work required would be very nearly the same. Contractor cost for Medicaid team = $75.00 per hour. Total: $22,500.00.
- Create new Medicaid Eligibility codes in the MO HealthNet system. Past experience indicates 40 hours of effort are required to implement additional codes (analysis, code, test and implement). Medicaid contract staff rate = $75.00 per hour. Total: $3,000.00.
- Revise managed care programming and interface processes in the MO HealthNet system to process managed care and transmit managed care eligibility to the managed care enrollment broker. Estimating 240 hours for contract staff on Medicaid team to code, test and implement $75.00 per hour. Total: $18,000.00.
- Revise programming to transmit Show-me Health Care eligibility for this new population to the MMIS fiscal agent (vendor that process medical service claims for the state). Estimating 40 hours to code, test and implement at Medicaid contract staff rate of $75.00 per hour. Total: $3,000.00
- Modify the Premium programming in MO HealthNet systems and the EFT programming in the Direct Deposit system to handle to generate invoices, accounts receivables, manage balances and refunds, cancellations, returns, electronic funds transfers and account details for the Show-me Health Plan population. Estimating that 5 new programs will be required and modifications will be needed to 61 existing programs. Level of effort estimated to be 610 hours.
- Several notices will be required for premium invoices, account receivables, adverse action notice, closing notice, notice of auto-withdrawal from back account, etc. Estimating 80 hours per notice for analysis, design, code and test). If 8 different types of notices or correspondence are required, total hours = 640 hours. Will use existing ITSD programming staff.

Section 208.1321: Build interface with Managed Care Enrollment Broker that will be managing the Health Care Accounts. Level of Effort included in effort for 208.1318 as changes can be incorporated with those included for premium payment handling.

Section 208.1324:

- Modify eligibility system (FAMIS) to arrive at the start date for benefits, calculate the monthly amount the client must pay and interface with the MO HealthNet Premium system for accounts receivable/invoice processing. The following effort will be required at the consultant rate of $89.00 per hour:

ASSUMPTION (continued)

Core Tables Set Up	100 hours
Requirements Gathering with Program & Policy	60 hours
Analysis and Design	120 hours
Develop Interfaces with MHD	160 hours
Premium Changes	120 hours
Extracts and Reports	100 hours
Total hours:	640 hours

- The MO HealthNet system will require changes to interface with MMIS vendor to handle accounts receivable, transmit payments and disbursements from the health care account. Estimating 80 hours at the consultant rate of $75.00 per hour.
- Several notices to clients will be required to apprise of health care account status and balances. Assuming 4 different notices at 80 hours per notice for analysis , code, design and test for a total of 320 hours. Will use existing state staff for notice development and implementation.

Section 208.1327: Fail to pay, renewal - programming estimates included in estimates for 208.1321 and 208.1324 above.

Section 208.1333: Work would be included with that required under 298.1318 above.

Total Development and Implementation Costs for FAMIS:
3,280 hours X $89/hour consultant rate = $291,920
Match rate is 76% GR and 24% Federal
FAMIS cost = $221,859.20 GR, $70,060.80 Federal

Total Development and Implementation Costs for MO HealthNet Systems:
1310 hours X $75.00/hour consultant rate = $98,250
Match rate is 50% GR and 50% Federal
MO HealthNet cost = $49,125 Federal and $49,125 GR.

Officials from the **Department of Social Services - MO HealthNet Division** assume this

legislation provides health care coverage for adults up to 225% of the federal poverty level (FPL). This includes the following types of participants:

ASSUMPTION (continued)

Type of Participant	Full-Year Estimated Participants	Implementation Date	
Custodial Parents Under 50% of FPL	23,614	7/1/2009	State Plan
Custodial Parents 50% to 75% of FPL	15,262	7/1/2010	State Plan
Custodial Parents 75% to 100% of FPL	15,625	7/1/2011	State Plan
Noncustodial Adults Under 75% of FPL	22,618	7/1/2012	Fed Waiver
Noncustodial Adults 75% to 100% of FPL	14,433	7/1/2013	Fed Waiver
Adults from 100% to 125% of FPL	23,782	Sub to appr.	Fed Waiver
Adults from 125% to 150% of FPL	29,674	Sub to appr.	Fed Waiver
Adults from 150% to 200% of FPL	45,562	Sub to appr.	Fed Waiver
Adults from 200% to 225% of FPL	17,503	Sub to appr.	Fed Waiver

Custodial parents below 100% of the FPL were determined from the number of parents who had earned income with children covered by MO HealthNet for Kids. The remaining participants are based on 2007 Census Bureau estimates of the number of uninsured in Missouri that were working. Approximately 53% of the uninsured are estimated to be non-custodial adults. To determine the number of non-custodial adults below 100% of the FPL, the Census Bureau estimate of working uninsured below 100% of the FPL was multiplied by 53%. The other categories of adults are based on actual Census Bureau estimates for each of the percent of poverty ranges. We further assumed that 80% of the estimated participants would enroll in the first year of eligibility. Total participants estimated at 208,071 for full implementation.

Calculation of Costs

Costs are based on a distribution of claims by size of claim. Average claim amounts for each distribution group were multiplied by the percentage distribution and the number of estimated participants. Additional costs for pregnancy-related services are recognized for pregnant women between 185% and 225% of FPL. Pregnant women below 185% of FPL are covered by MO HealthNet. Claim amounts were reduced to reflect the provision of preventive care to the participant. The bill allows for the first $500 of preventive care to be provided at no cost to the

participant. We used the average claim amount of $253 from the claim grouping "less than $500". It was assumed due to the low cost, these claims represented preventive care. It was further assumed that on average, not all participants would use the full $500 and the $253 represented a good estimate of preventive care.

An example of the calculation using the $500 to $1,000 non-pregnant women claim group (highlighted in the following table) follows:

ASSUMPTION (continued)

- People in this group had 11.71% of all claims.
- The average claim for this group was $799.
- When reduced by the cost of preventive care, the remaining cost of $546 was multiplied by each participant's group.
- This means the formula is: 23,614 custodial parents x 11.71% x $546 = $1,509,519 in cost to be shared between the insured and the state/federal governments. The total per member per year cost is $3,896, or $325 per month. Below are the costs by claim group used:

Size of the Claim	**% of Claims in Cost Group***	**Average Annual Claims per Group**	**Cost of Preventive Care Paid by State/Federal Governments**	**Net Cost to be shared by Insured & State/Federal Governments**
Less than $500	39.73%	$253	($253)	$0
$500 - $1,000	11.71%	$799	($253)	$546
$1,000 - $2,500	22.42%	$1,790	($253)	$1,537
$2,500 - $5,000	7.33%	$3,833	($253)	$3,580
$5,000 - $10,000	11.79%	$8,623	($253)	$8,371
$10,000 - $15,000	3.28%	$14,999	($253)	$14,746
$15,000 - $20,000	1.12%	$20,236	($253)	$19,983
$20,000 - $25,000	0.70%	$25,878	($253)	$25,626
$25,000 - $50,000	1.42%	$36,759	($253)	$36,507
$50,000 - $75,000	0.25%	$73,589	($253)	$73,336
$75,000 and over	0.24%	$161,077	($253)	$160,824

* Distribution different for eligibility groups that include pregnant women benefits.

Distribution of Costs between Insured and State/Federal Governments

Custodial parents below 100% of the FPL contribute to their cost of care through co-pays. Co-pays of $25 per year were assumed. All other adults are required to contribute to a health care account based on the individual's annual income range. Individual contributions have been adjusted by the federal Consumers Price Index (CPI) to reflect the adjustment to the poverty level each year. For purposes of this fiscal note the average of the last three year's CPI (3.30%) was used. The maximum contribution to the health care account in the first year is $1,000 per year. For each year thereafter, the $1,000 account will also be adjusted by the CPI. If the participant's required contribution is less than the $1,000 maximum (or the maximum as adjusted by CPI), the

ASSUMPTION (continued)

state and federal governments will make up the difference. The contribution by the participant is based on the lowest percentage of poverty for each group. See the table below for participant contribution amounts in the first year.

Group 1: Custodial Parents-No Contribution
Group 2: Non-Custodial Adults-1% of Annual Income @ 50%
Group 3: Adults Between 100% and 125% FPL-2% of Annual Income @ 100%
Group 4: Adults Between 125% and 150% FPL-3% of Annual Income @ 125%
Group 5: Adults Between 150% and 200% FPL-4% of Annual Income @ 150%
Group 6: Adults Between 200% and 225% FPL-5% of Annual Income @ 200%

Family Size	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
1	$25	$54	$217	$406	$650	$1,000
2	$25	$73	$291	$546	$874	$1,000
3	$25	$92	$366	$687	$1,000	$1,000
4	$25	$110	$441	$827	$1,000	$1,000
5	$25	$129	$516	$967	$1,000	$1,000
6	$25	$148	$591	$1,000	$1,000	$1,000
7	$25	$166	$665	$1,000	$1,000	$1,000
8	$25	$185	$740	$1,000	$1,000	$1,000

If the calculation exceeds $1,000 only $1,000 is shown. The contribution by the non-custodial adults below 100% is based on 50% of FPL

Calculations were based on a family size of 2. An adult in the 100% to 125% of FPL group would be expected to pay on average $291 per year. The cost of health services (after providing

preventive care up to $500) are paid for by the participant up to the $291 in this example. Costs above that amount would be paid by the state and federal governments.

Total Cost
All estimated costs are subject to appropriation and are shown at estimated implementation dates. The estimated total costs will range from $0 (no appropriated funding) to the costs estimated in this document. The total cost for the insured and the state/federal governments is presented in the table below. Costs are shown cumulatively based on the implementation dates including 6.65% inflation per year. The inflation is based on the Center for Medicare and Medicaid National Health Expenditure Index. The following take-up rates were used 1) custodial parents below 100%--100% take-up, 2) non-custodial adults below 100%--85% take-up and 3) all other categories-65% take-up.

ASSUMPTION (continued)

	FY10	**FY11**	**FY12**
Insured's cost	$472,276	$895,575	$1,284,377
General Revenue	$0	$3,993,490	$11,068,761
FRA	$27,944,541	$52,543,766	$75,437,257
Federal Share	$50,069,253	$101,299,862	$154,995,986
Total Cost	**$78,486,070**	**$158,732,693**	**$242,786,380**

Total Cost for FY13 is $233,368,387, FY14 is $303,911,335 and FY15 is $334,785,681.

The cost to the insured has been reduced by the amount of SCHIP premium collections. The bill allows the insured to reduce the contribution to the Health Care Account by payments made to MO HealthNet, SCHIP and Medicare. This will require the offset for the SCHIP premiums to be paid by the state. No payments were considered for MO HealthNet or Medicare. The cost of the insured has also been adjusted to recognize the federal 5% of income cost sharing limit. When determining the annual contribution to the health care account there were three scenarios considered: 1) the household has one adult, 2) the household has two adults and one adult is uninsured, and 3) the household has two adults and both are uninsured. For the first two categories the 5% limit is not applicable. However, for households with two uninsured adults, two separate contributions to the health care account would, in some cases, exceed the federal 5% limit. The cost estimate assumes 32.1% of the working uninsured with a health care account are in a household of one. For households with two adults, 39.6% had one uninsured adult. In 28.3% of the households, both adults were uninsured. The distribution of two-adult households is based on a 1996 Census Bureau medical expenditure panel survey (MEPS).

Officials from the **Department of Highways and Transportation** have not responded to

Oversight's request for fiscal information.

FISCAL IMPACT - State Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE FUND			
Savings - Department of Mental Health			
Program Savings*	Greater than $100,000	Greater than $100,000	Greater than $100,000
Costs - Department of Health and Senior Services			
Personal Service	($25,045)	($46,434)	($63,769)
Fringe Benefits	($12,179)	($22,581)	($31,011)
Equipment and Expense	($16,605)	($46,308)	($100,710)
Total Costs - DHSS	($53,829)	($115,323)	($195,490)
FTE Change - DHSS	.92 FTE	1.38 FTE	1.84 FTE
Costs - Department of Social Services - Family Support Division			
Mailing Costs	($4,251)	($2,747)	($2,813)
Costs - Department of Social Services - Information Technology Services Division			
State Data Center Charges	($41,800)	($50,160)	($50,160)
FAMIS Consultant Costs	($221,877)	$0	$0
MHN Consultant Costs	($49,125)	$0	$0

SEC:LR:OD (12/02)

Total Costs - DSS ITSD	($312,802)	($50,160)	($50,160)
Costs - Department of Social Services - MO HealthNet Division			
Program Costs	$0	$3,993,490	$11,068,761
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	**($270,882)**	**($4,061,720)**	**($11,217,224)**
Estimated Net FTE Change for General Revenue Fund	.92 FTE	1.38 FTE	1.84 FTE

*Oversight only included $100,000 in the Estimated Net Effect on General Revenue Fund.

FRA FUND

Costs - Department Social Services - MO HealthNet Division			
Program Costs	($27,944,541)	($52,543,766)	($75,437,257)
ESTIMATED NET EFFECT ON FRA FUND	**($27,944,541)**	**($52,543,766)**	**($75,437,257)**

FEDERAL FUNDS

Income - Department of Mental Health			
Program Savings	Greater than $100,000	Greater than $100,000	Greater than $100,000
Income - Department of Health and Senior Services			
Federal Assistance	$61,238	$127,792	$212,440
Income - Department of Social Services - Family Support Division			
Federal Assistance	$4,251	$2,747	$2,813

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Income - Department of Social Services - Information Technology Services Division			
Federal Assistance	$132,368	$15,840	$15,840
Income - Department of Social Services - MO HealthNet Division			
Federal Assistance	$50,069,253	$101,299,862	$154,995,986

FEDERAL FUNDS (continued)

Loss - Department of Mental Health			
Federal Assistance	(Greater than $100,000)	(Greater than $100,000)	(Greater than $100,000)
Costs - Department of Health and Senior Services			
Personal Service	($29,401)	($54,509)	($74,859)
Fringe Benefits	($14,298)	($26,508)	($36,404)
Equipment and Expense	($17,539)	($46,775)	($101,177)
Total Costs - DHSS	($61,238)	($127,792)	($212,440)
FTE Change - DHSS	1.08 FTE	1.62 FTE	2.16 FTE
Costs - Department of Social Services - Family Support Division			
Mailing Costs	($4,251)	($2,747)	($2,813)
Costs - Department of Social Services - Information Technology Services Division			
State Data Center Charges	($13,200)	($15,840)	($15,840)
FAMIS Consultant Costs	($70,043)	$0	$0
MHN Consultant Costs	($49,125)	$0	$0
Total Costs - DSS ITSD	($132,368)	($15,840)	($15,840)

Costs - Department Social Services - MO HealthNet Division			
Program Costs	($50,069,253)	($101,299,862)	($154,995,986)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**
Estimated Net FTE Change for Federal Funds	1.08 FTE	1.62 FTE	2.16 FTE

FISCAL IMPACT - Local Government	FY 2010 (10 Mo.)	FY 2011	FY 2012
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

Physicians that operate as small businesses could be economically impacted. Some small businesses who are Medicaid providers may see an increase in the number of participants they serve, thus increasing the amount of Medicaid reimbursement they receive. Also, some small businesses may opt to discontinue the provision of health care coverage for their employees since coverage would be available through "Show-me Health Coverage."

FISCAL DESCRIPTION

The proposed legislation establishes the Show-Me Health Coverage plan within the Department of Social Services to provide health care coverage through the private insurance market to low-income working individuals in the state. The Department of Insurance, Financial Institutions and Professional Registration shall provide oversight of the marketing practices of the plan while the Department of Social Services shall establish standards for consumer protection for the plan. The maximum enrollment of plan participants is dependent on the moneys appropriated by the General Assembly, and the eligibility for the plan is phased in incrementally based on appropriations. The plan is subject to approval by the United States Department of Health and Human Services.

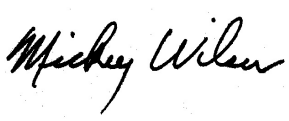
The eligibility requirements and the services to be provided by the plan are specified in the legislation. The plan shall also provide for every participating individual a health care home. Under the plan, a health care account is established for each individual and payments for his or her participation can be made by the individual, an employer, the state, or any philanthropic of other charitable contributor. An individual's health care account shall be used to pay the individual's deductible for health care services under the plan. A participant will be terminated from participation in the plan if his or her required payment is not made within 60 days after the required date, however the participant may reapply to participate in the plan. Approved participants are eligible for a 12-month period but must file a renewal application to remain in the plan.

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

Office of the Attorney General
Office of Administration-Administrative Hearing Commission
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Conservation
Missouri House of Representatives
Missouri Senate
Office of the Secretary of State

Not Responding: Department of Highways and Transportation



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Mickey Wilson, CPA
Director
March 16, 2009

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