

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2036-01
Bill No.: SB 546
Subject: Department of Social Services; Medicaid; Disabilities
Type: Original
Date: April 17, 2009

Bill Summary: This legislation increases the income disregard for eligibility in the Ticket-to-Work Health Assurance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$6,668,919)	(\$8,362,823)	(\$8,739,150)
Total Estimated Net Effect on General Revenue Fund	(\$6,668,919)	(\$8,362,823)	(\$8,739,150)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

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

* Income and costs of approximately \$12,122,061 in FY10, \$15,201,063 in FY11 and \$15,885,111 in FY12.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

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

Section 208.146:

Officials from the **Department of Elementary and Secondary Education, Department of Insurance, Financial Institutions and Professional Registration** and the **Office of the Attorney General** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Health and Senior Services** assume the Department of Social Services (DSS) 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.

DSS estimates an additional 2,119 would be eligible to participate in the TWHA Program. Of those individuals, DSDS has determined that approximately 5.5 percent, or 117 individuals of those who are eligible will participate in Home and Community Based (HCB) services based on January 2009 HCB services utilization for TWHA participants (2,119 X 5.5 percent = 116.55). As of June 30, 2008, caseloads for the DSDS' 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. DSDS would require 1.00 Social Service Worker FTE for the new eligibles as a result of this legislation (117 clients/100 = 1.17). Social Service Worker duties include the responsibility for investigation of hotlines, eligibility determination, and authorization of in-home services, and care plan management.

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.

Oversight assumes the DHSS could absorb the additional HCB caseload that may result from this proposal within existing resources. Therefore, Oversight assumes the DHSS could absorb one Social Service Worker FTE.

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

ASSUMPTION (continued)

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)** assumes that there would be an increase in the number of eligibles (as determined by Department of Social Services) under Section 208.146 and a portion of these eligibles will be served by DMH. The estimated impact is unknown. However, DMH assumes that the DMH costs are included in DSS costs. Should a larger fiscal impact result than that which is estimated by DSS, DMH would seek additional funds through the appropriation process.

Officials from the **Department of Social Services - Family Support Division (FSD)** determined that 2,099 people would move from the spenddown population to the Ticket to Work program (TWA) if this legislation passes. FSD came to this conclusion using the following methodology:

There are currently 20,938 people below age 65 receiving SSDI with a spenddown of less than \$251. 833 of this population are currently employed and receiving earned income. It is reasonable to assume that all of these recipients will move from spenddown to TWA.

Out of the 20,938 people currently receiving SSDI, 12,659 MO HealthNet recipients are not currently receiving Medicare. It is reasonable to assume that a portion of this population will find work if this legislation passes. If 10% find employment, an additional 1,266 will move from spenddown to TWA. (10% of 12,659 = 1,265.9 rounded up to 1,266 + 833 = 2099)

The FSD does not anticipate any new staff would be needed as a result of these changes.

ASSUMPTION (continued)

Officials from the **Department of Social Services** assumed more individuals will be eligible for the Ticket to Work program if the net income is adjusted to disregard the first \$250 of SSDI payments.

Count of eligibles provided by FSD.

The average cost/eligible (\$1,315.25) is based on the last four months of expenditures for the Ticket to Work category of eligibles reported on Table 23 - MO HealthNet Recipients and Payments. This cost includes NF, hospital, dental (limited services), pharmacy, physician, in-home (personal care), rehab & specialty and mental health services.

Funding for the in-home (personal care) services are appropriated to DHSS and funds for mental health services are funded through the DMH.

The average premium collected (\$63.32) is calculated using the last six months of actual (July to December 2008) collections.

Individuals will come into the program under one of two scenarios/groups if this legislation passes.

Group 1: Currently meeting spenddown but their premium will be lower than current spenddown

Assume currently in the MO HealthNet program and meeting spenddown. The cost for this group will be the loss of the spenddown. Spenddown can be met in one of two ways: pay-in or meet with medical bills. 35.25% of the spenddown population are meeting their spenddown. The average spenddown is \$194.14. This group will now pay a premium. The average premium is \$63.32. The difference between the current spenddown and the premium is the cost to MO HealthNet - \$130.82.

Group 2: Currently not meeting spenddown but their premium will be lower than current spenddown.

It is assumed the individuals in this group will participate in the Ticket to Work program because their premiums will be lower than their current spenddown amount. The cost is equal to the average cost per eligible for those enrolled in the current Ticket to Work program. The cost will be offset by their premium.

ASSUMPTION (continued)

The cost for the two groups were added to find the total cost. The fiscal impact was multiplied by a 4.5% trend to arrive at the FY 10 impact. An adjustment was made to show 10 months of costs for FY 10. A 4.5% trend was also added for FY 11 and FY 12. FY 10 - \$18,790,980; FY 11 - \$23,563,886; FY 12 - \$24,624,261

Since funding for services for this program are also found in other departments, a breakdown of the costs is provided below. MHD costs are 45.62%; DMH costs are 49.81%; DHSS cost are 4.57%

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
 GENERAL REVENUE FUND			
<u>Costs</u> - Department Social Services			
Program Costs	<u>(\$6,668,919)</u>	<u>(\$8,362,823)</u>	<u>(\$8,739,150)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$6,668,919)</u>	<u>(\$8,362,823)</u>	<u>(\$8,739,150)</u>
 FEDERAL FUNDS			
<u>Income</u> - Department of Social Services			
Federal Assistance	\$12,122,061	\$15,201,063	\$15,885,111
<u>Costs</u> - Department of Social Services			
Program Costs	<u>(\$12,122,061)</u>	<u>(\$15,201,063)</u>	<u>(\$15,885,111)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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.

FISCAL DESCRIPTION

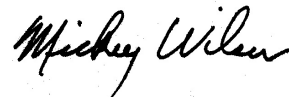
Section 208.146:

The proposed legislation increases the income disregard under the Ticket-to-work Health Assurance Program for Social Security Disability Income from \$50 to \$250.

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
Department of Elementary and Secondary Education
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Office of the Secretary of State



Mickey Wilson, CPA
Director
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