

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2218-02  
Bill No.: Perfected HCS for HB 986  
Subject: Medicaid; Health Care; Social Services Department; Health Department  
Type: #Corrected  
Date: May 6, 2013  
 # To remove §§ 208.990 and 208.995 and agency assumptions from the fiscal note.

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Bill Summary: This proposal changes the laws regarding MO HealthNet.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$5,455,424)	(\$7,605,160)	(\$7,939,857)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$5,455,424)</b>	<b>(\$7,605,160)</b>	<b>(\$7,939,857)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Joint Contingent	(Unknown)	\$0	\$0
Other State	(\$4,635,402)	(\$6,469,363)	(\$6,755,253)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>(Unknown, exceeding \$4,635,402)</b>	<b>(\$6,469,363)</b>	<b>(\$6,755,253)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 expenditures net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<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>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### § 208.146 - Extension of Ticket-to-Work Program sunset:

Officials from the **Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)** state this proposal merely extends an existing program. As such, there is no new cost.

**Oversight** assumes extending the Ticket to Work Program, rather than letting it sunset on August 28, 2013, will result in costs to the state. Funds that would have become available for other uses will, instead, be obligated to fund the program.

In response to HB 700 from the current session, DSS officials indicated a repeal of the Ticket to Work Program would result in savings to General Revenue (GR), Federal and Other State Funds of \$21,537,082 for the 10 months remaining in FY 14; savings for FY 15 were estimated to be \$30,210,844; and savings for FY 16 were estimated to be \$31,570,333. Oversight assumes the amount DSS assumed would be saved had the program been repealed is equal to the cost of extending the program. Therefore, Oversight will present costs to GR, Federal and Other Funds of \$21,537,082 for the 10 months remaining in FY 14; FY 15 costs of \$30,210,844; and FY 16 costs of \$31,570,333.

Officials from the **Department of Mental Health (DMH)** state the proposed legislation extends the sunset date for the Ticket-to-Work Health Assurance Program to August 28, 2019. The previous expiration date was August 28, 2013. Based on data acquired from the Department of Social Services (DSS) Monthly Management Report (Table 23), the February, 2013 monthly cost for DMH services was approximately \$1,092,000 for approximately 436 clients. This data, annualized, results in a yearly total cost of approximately \$13,100,000. Of this, approximately \$8,100,000 would be federal cost and approximately \$5,000,000 would be state cost. Based on the current expiration date of August 28, 2013, FY14 would reflect 10 months of costs.

These costs would be DMH costs. DMH assumes that these costs are not included in the DSS estimate of costs.

Per discussion with DSS officials, DMH Ticket to Work costs have been included in DSS figures. For fiscal note purposes, **Oversight** will only present DSS costs.

ASSUMPTION (continued)

§ 208.151 - Extended coverage for foster care children to age 26:

Officials from the **DSS - DFAS** state that based on the number of children in foster care who are 20 years old (376), the DSS expects to provide coverage for 1,880 new people (estimated 376 people per year ages 21 -26). The cost per month of care averages \$291, resulting in a monthly cost of \$547,080 and an annual cost of \$6,564,960 (\$547,080 X 12) to cover 21- 26 year-olds who have aged out of foster care.

FY 14 is 9 months coverage ( $\$6,564,960/12 = \$547,080$  monthly cost x 9 months = \$4,923,720). FY 15 and FY 16 include an inflationary increase of 4% on a **calendar year basis**.

[ $\$6,564,960/2 = \$3,282,480$ ; ( $\$3,282,480 \times 1.04\% = \$3,413,779$ );  $\$3,282,480 + \$3,413,779 = \$6,696,259$  for FY 15];

FY 16 =  $\$6,696,259 \times 1.04\% = \$6,964,110$ .

The funding for FY 14 through FY 17 is split using the FMAP match rate (61.865%); however, if Medicaid expansion should pass, then there would be no impact to state funds as the program would be 100% federally funded for FY 14 through FY 16.

# See page 1.

Bill as a whole:

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

Services for New Participants:

The Division of Senior and Disability Services (DSDS) does not have the information to calculate the number of new participants who will access Home and Community Based Services (HCBS) as a result of this proposal. For each new participant, the average annual cost for FY 2014 is estimated at \$11,381. The current appropriations for Medicaid Home and Community Based (HCB) Services are included in the DHSS/DSDS budget.

ASSUMPTION (continued)

Assessment and Reassessment Costs:

Each new participant in Home and Community Based (HCB) Services would receive a prescreen, an initial assessment, and an annual reassessment in subsequent years. Each prescreen takes an average of one hour to complete. Each assessment takes an average of two hours to complete. DHSS will require additional staff to complete assessments and reassessments on the newly eligible individuals. DHSS estimates that 1 FTE is required to complete 2,080 prescreens and 1 FTE is required to complete 1,040 assessments/reassessments per year.

The fiscal impact of this proposal is unknown.

**Oversight** assumes the number of new prescreening and assessments for HCB services the DHSS would be required to perform would be absorbable within their current appropriation level. However, if the number of new recipients of HCB services were to increase significantly, the DHSS could request additional funding through the appropriations process.

Officials from the **DMH** state DMH costs and/or cost savings for changes (other than Ticket to Work) will be included in DSS costs and/or cost savings to the MO HealthNet program.

Officials from the **Office of 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 Secretary of State's office 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 this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 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 **Missouri House of Representatives (MHR)** assume the Department of Social Services will cover any expenses of the House members on the MO HealthNet Transformation Task Force; therefore, the MHR assumes no impact as a result of this proposal.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Budget and Planning** and the **Office of the Governor** each assume the proposal would not fiscally impact their respective agencies.

House Amendment # 1 - § 208.993 - MO HealthNet Transformation Task Force:

**Oversight** notes this amendment removes the language that established the MO HealthNet Transformation Task Force established within the Department of Social Services and establishes the Joint Committee on Medicaid Transformation to be composed of twelve members of the House of Representatives (6) and the Senate (6). The committee shall hold a minimum of one meeting in three urban regions of the state. Members of the Joint Committee will serve without compensation, but may be reimbursed necessary expenses pertaining to the duties of the committee to be paid from the Joint Contingent Fund.

This amendment contains an emergency clause which makes the provisions effective May 29, 2013. Therefore, this proposal may have a fiscal impact on FY 13 for the period May 29 through June 30, 2013. However, this period is outside the scope of this fiscal note.

The provisions of this section expire on January 1, 2014.

**Oversight** assumes an unknown fiscal impact to the Joint Contingent Fund for the 6 months of FY 14 this proposal is effective.

<u>FISCAL IMPACT - State Government</u>	FY 2014	FY 2015	FY 2016
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS</u>			
Extension of the ticket to work program (§ 208.146)	(\$4,347,229)	(\$6,098,015)	(\$6,372,426)
MO HealthNet coverage for 21-26 year old foster care children (§ 208.151)	<u>(\$1,108,195)</u>	<u>(\$1,507,145)</u>	<u>(\$1,567,431)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$5,455,424)</u></b>	<b><u>(\$7,605,160)</u></b>	<b><u>(\$7,939,857)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2014	FY 2015	FY 2016
<b>JOINT CONTINGENT FUND</b>			
<u>Costs - MHR and SEN</u>			
Medicaid Transformation Committee member expenses (§ 208.993)	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE JOINT CONTINGENT FUND</b>	<b><u>(Unknown)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>OTHER STATE FUNDS</b>			
<u>Costs - DSS</u>			
Ticket to work program expenditures (§ 208.146)	(\$3,865,937)	(\$5,422,890)	(\$5,666,921)
MO HealthNet coverage for 21-26 year old foster care children (§ 208.151)	<u>(\$769,465)</u>	<u>(\$1,046,473)</u>	<u>(\$1,088,332)</u>
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(\$4,635,402)</u></b>	<b><u>(\$6,469,363)</u></b>	<b><u>(\$6,755,253)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS</u>			
Program reimbursements (§ 208.146)	\$13,323,916	\$18,689,939	\$19,530,986
Program reimbursements (§ 208.151)	\$3,046,060	\$4,142,641	\$4,308,347
<u>Costs - DSS</u>			
Program expenditures (§ 208.146)	(\$13,323,916)	(\$18,689,939)	(\$19,530,986)
Program expenditures (§ 208.151)	<u>(\$3,046,060)</u>	<u>(\$4,142,641)</u>	<u>(\$4,308,347)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal extends the provisions regarding the Ticket to Work Health Assurance Program from August 28, 2013, to August 28, 2019.

This proposal expands MO HealthNet benefit eligibility to a person who is in foster care on his or her eighteenth birthday and is less than 26 years of age, is not eligible for coverage under another mandatory coverage group, and was not covered by Medicaid while in foster care.

House Amendment #1:

This amendment establishes the Joint Committee on Medicaid Transformation. The joint committee is to be composed of 12 members, 6 members from the House of Representatives and 6 members from the Missouri Senate. Duties of the committee are outlined in the amendment but the committee is to hold a minimum of one meeting at three urban regions of the state. Members of the committee are to serve without compensation, but actual and necessary expenses shall be paid from the joint contingent fund.

The provisions of the proposal expire on January 1, 2014.

This amendment contains an emergency clause that makes the provisions of this amendment effective as of May 29, 2013.

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 Health and Senior Services  
Department of Social Services -  
Division of Finance and Administrative Services  
Office of the Governor



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