

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2218-05
Bill No.: SCS for HCS for HB 986
Subject: Medicaid; Health Care; Social Services Department; Health Care
Type: Original
Date: May 14, 2013

Bill Summary: This proposal extends sunset provisions on the Ticket-to-Work Program to August 28, 2019.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$59,447,229)	(\$6,098,015)	(Greater than \$6,421,251)
Total Estimated Net Effect on General Revenue Fund	(\$59,447,229)	(\$6,098,015)	(Greater than \$6,421,251)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
MO Senior Services Protection	Unknown	\$0	\$0
Other State	(\$3,865,937)	(\$5,422,890)	(\$5,666,921)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown, less than \$3,865,937)	(\$5,422,890)	(\$5,666,921)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

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

FISCAL ANALYSIS

ASSUMPTION

§208.053 - Low-Wage Trap Elimination Act (Hand-Up Program):

Officials from the **Department of Social Services (DSS)** state that there is no fiscal impact to the Hand-Up program as it extends the sunset date.

Oversight assumes extending the Hand-Up Program, rather than letting it sunset, will result in additional costs to the state. Funds that would have become available for other uses will, instead, be obligated to fund the program.

Oversight notes the provisions of the proposal for this section implements provisions of a pilot project passed in HB 1323 (2012). In that fiscal note response, officials from the Department of Social Services (DSS) provided the following information:

It is assumed that 37 families in the metropolitan area and 9 families in the rural area would be at risk of losing child care due to an increase in household wages. It is further assumed that the family income exceeds the eligibility level by \$1 per hour.

If 75% (34 families) of those households participate in the Hand-Up Program and pay a monthly premium of \$76.12 and taxes of \$10.38 with a 4% delinquency on premium payments, the net cost to general revenue is \$52,272 for FY 13; \$48,103 for FY 14; and \$48,825 for FY 15.

If 25% (11 families) of those households participate in the Hand-Up Program and pay a monthly premium of \$76.12 and taxes of \$10.28 with a 4% delinquency on premium payments, the net cost to general revenue is \$62,998 for FY 13; \$69,555 for FY 14; and \$70,728 for FY 15.

The overall cost to the state is higher when fewer families participate because less revenue is generated, while the staff cost remains the same.

The fiscal impact of this legislation ranges from a net cost to General Revenue depending upon the participate rates of clients, reductions due to delinquent payments, etc.

There are no federal funds to support the Hand-Up Program. Additional General Revenue is needed to support the program as premiums alone cannot support the Hand-Up Program.

ASSUMPTION (continued)

As the provisions of this proposal extend the Hand-Up Program for those recipients who currently receive full child care benefits and who have been receiving these benefits for at least four months prior to implementation by the division, **Oversight** assumes costs as provided in the 2012 fiscal note response by DSS officials. Since Oversight was unable to obtain FY 16 cost estimates, it is assumed FY 16 costs will be minimally greater than FY 15 costs and any difference can be absorbed by the DSS. The program is currently scheduled to sunset on August 28, 2015 (FY 2016).

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

Due to time constraints, **Oversight** is using responses from the previous fiscal note unless noted otherwise.

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.

In response to the previous version of this proposal, officials from the **Department of Mental Health (DMH)** stated 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.

ASSUMPTION (continued)

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.

Officials from the **Office of State Treasurer** assume the proposal would not fiscally impact their agency.

Oversight notes the provisions of this proposal add section 208.1050 which provides for the creation of the Missouri Senior Services Protection Fund, a dedicated fund, within the state treasury. The State Treasurer is to be the custodian of the fund and may approve disbursements. In addition, the State Treasurer is to deposit funds that would have otherwise been deposited into the General Revenue (GR) Fund in an amount totaling \$55,100,000. One quarter of the amount is to be deposited on or before July 15, 2013, October 15, 2013, January 15, 2013 and March 15, 2013. Moneys in the fund are to be allocated for services for low-income seniors and people with disabilities. Moneys remaining in the fund at the end of the biennium do not revert to GR and any interest earned shall be credited to the fund.

<u>FISCAL IMPACT - State Government</u>	FY 2014	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - DSS</u>			
Extension of the Hand-Up Program (§ 208.053)	\$0	\$0	(\$48,825 to \$70,728)
Extension of the ticket to work program (§ 208.146)	(\$4,347,229)	(\$6,098,015)	(\$6,372,426)
<u>Transfer-Out - to Missouri Senior Services Protection Fund</u>	<u>(\$55,100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$59,447,229)</u>	<u>(\$6,098,015)</u>	<u>(Greater than \$6,421,251)</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2014	FY 2015	FY 2016
MISSOURI SENIOR SERVICES PROTECTION FUND			
<u>Transfer - In</u> - from General Revenue Fund	\$55,100,000	\$0	\$0
<u>Income</u> - STO Interest income	Unknown	\$0	\$0
<u>Costs</u> - STO Low income and disabled persons service expenditures	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE MISSOURI SENIOR SERVICES PROTECTION FUND	<u>Unknown</u>	<u>\$0</u>	<u>\$0</u>
OTHER STATE FUNDS			
<u>Costs</u> - DSS Ticket to work program expenditures (\$ 208.146)	<u>(\$3,865,937)</u>	<u>(\$5,422,890)</u>	<u>(\$5,666,921)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(\$3,865,937)</u>	<u>(\$5,422,890)</u>	<u>(\$5,666,921)</u>

FISCAL IMPACT - State Government FY 2014 FY 2015 FY 2016
 (continued)

FEDERAL FUNDS

Income - DSS

Program reimbursements (§ 208.146)	\$13,323,916	\$18,689,939	\$19,530,986
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Costs - DSS

Program expenditures (§ 208.146)	<u>(\$13,323,916)</u>	<u>(\$18,689,939)</u>	<u>(\$19,530,986)</u>
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**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government FY 2014 FY 2015 FY 2016
 (10 Mo.)

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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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 extends the Hand-up Program for those recipients currently receiving full child care benefits and who have been receiving benefits for a period of at least four months prior to implementation by the division of this program. The provisions of this program sunset three years after August 28, 2014, unless reauthorized.

This proposal creates the Missouri Senior Services Protection Fund within the state treasury. The State Treasurer is to be custodian of the fund and may approve disbursements. In addition, the

FISCAL DESCRIPTION (continued)

State Treasurer is to deposit into the fund \$55,100,000 with at least one quarter of that amount to be deposited on or before July 15, 2013 and an additional one-quarter of the amount to be deposited on or by October 15, 2013, January 15, 2014 and March 15, 2014. Moneys in the fund are to be allocated for services for low-income seniors and people with disabilities.

This proposal has an emergency clause.

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 Social Services -
 Division of Finance and Administrative Services
Office of State Treasurer



Ross Strope
Acting Director
May 14, 2013