

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1493-01
Bill No.: SB 295
Subject: Medicaid; Social Services Department
Type: Original
Date: February 11, 2015

Bill Summary: This proposal raises the MO HealthNet eligibility income limits for elderly and disabled persons.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$49,746,147)	(\$60,829,589)	(\$61,985,351)
Total Estimated Net Effect on General Revenue	(\$49,746,147)	(\$60,829,589)	(\$61,985,351)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Other State Funds (various)	(\$33,164,098)	(\$40,553,059)	(\$41,323,568)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$33,164,098)	(\$40,553,059)	(\$41,323,568)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$173,000,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state existing subsection 208.151.1(24) is amended to raise the income eligibility limits for elderly and disabled individuals to 100% of the federal poverty limit.

The Family Support Division (FSD) provided MHD data pertaining to elderly and disabled eligibles. From this data MHD came up with five categories for eligibles. The categories are 1) New Eligibles, 2) New Spend Down for Individuals with 101% FPL and Above (Premium Collections), 3) New Spend Down for Individuals with 101% FPL and Above (Costs), 4) Existing Eligibles with an FPL between 86% and 100% that met Spend Down, and 5) Existing Eligibles with an FPL of 101% and Above that met Spend Down.

For the New Eligibles category there are 21,734 individuals with incomes between 86% and 100% FPL who would become eligible with no spend down. Out of these 21,734 individuals, there are 10,295 who are currently paying spend down and covered. That leaves 11,439 new individuals that MHD is currently not covering. The 11,439 individuals were broken down into four different groups and an annual cost was calculated per member for each group using October 2014 data. The groups are: 1) disabled with Medicare costing \$89,498,304 (7,248 individuals at a cost of \$12,348 per individual), 2) disabled with no Medicare costing \$18,889,629 (893 individuals at a cost of \$21,153 per individual), 3) elderly with Medicare costing \$23,616,906 (3,229 individuals at a cost of \$7,314 per individual), and 4) elderly with no Medicare costing \$3,903,537 (69 individuals at a cost of \$56,573 per individual). The total costs for this category is **\$135,908,376** (\$89,498,304 + \$18,889,629 + \$23,616,906 + \$3,903,537).

For the New Spend Down for Individuals with 101% FPL and Above (Premium Collections) category there are 34,231 individuals with incomes of 101% FPL and above who would have a decrease in their spend down amount. Out of these 34,231 individuals, there are 7,646 who are currently paying spending leaving 26,585 that are not paying spend down. A 32.73% take up rate for new spend down eligibles was calculated and applied to the 26,585 individuals not paying spend down. MHD assumes that there will be an additional 8,702 individuals (26,585 X 32.73%) that will pay spend down due to the decrease in the amount they would have to pay. An annual spend down amount was calculated for the elderly (\$721.59) and the disabled (\$695.78). There would be a costs savings of \$3,977,794 (5,717 individuals X \$695.78) for disabled and \$2,153,941 (2,985 individuals X \$721.59) for the elderly for a total savings of **\$6,131,735** (\$3,977,794 + \$2,153,941).

ASSUMPTION (continued)

For the New Spend Down for Individuals with 101% FPL and Above (Costs) category, the 8,702 individuals that MHD assumes will pay spend down due to the decrease in the amount they would have to pay were broken down into the same four groups used for the New Eligibles category. Disabled with Medicare costs \$51,305,940 (4,155 individuals X \$12,348), disabled with no Medicare costs \$33,040,986 (1,562 individuals X \$21,153), elderly with Medicare costs \$19,901,394 (2,721 individuals X \$7,314), and elderly with no Medicare costs \$14,935,272 (264 individuals X \$56,573). The total costs for this category are **\$119,183,592** (\$51,305,940 + \$33,040,986 + \$19,901,394 + \$14,935,272) .

For the Existing Eligibles with an FPL between 86% and 100% that met Spend Down category there are 10,295 individuals who will no longer need to pay spend down to be covered. The same annual spend down amount that was calculated for the New Spend Down for Individuals with 101% FPL and Above (Premium Collections) category was used for this category. There will be costs of \$5,244,120 (7,537 individuals X \$695.78) for the disabled and costs of \$1,990,140 (2,758 individuals X \$721.59) for the elderly. The total costs for this category are **\$7,234,260** (\$5,244,120 + \$1,990,140) .

For the Existing Eligibles with an FPL of 101% and Above that met Spend Down there are 7,646 individuals that are currently paying spend down who would have a decrease in the amount they have to pay. MHD assumes that each individual's spend down amount will decrease \$146 per month for a yearly decrease of \$1,752. This will be a cost to MHD of **\$13,395,792** (7,646 X \$1,752).

The total costs for all the categories are \$269,590,285 (\$135,908,376 - \$6,131,735 (savings) + \$119,183,592 + \$7,234,260 + \$13,395,792). To calculate the FY 16 cost, it is assumed there would only be 10 months of the total costs \$224,658,571 (\$269,590,285 X 10/12). A 1.9% inflation factor was applied to SFY 17 and SFY 18. Costs are split approximately 22%/15%/63% GR, Other State Funds, and Federal Funds.

Officials from the **Department of Mental Health (DMH)** state the proposed legislation increases the MO HealthNet income limit for the elderly and persons with disabilities from 85% of the federal poverty level (FPL) to 100% of the FPL. This will result in MO HealthNet spend down participants with income from up to 100% FPL becoming non-spend down. Spend down participants with incomes above 100% FPL will have a reduction in their monthly spend down of \$146 for single individuals and \$196 for married couples.

ASSUMPTION (continued)

DMH serves approximately 6,111 elderly and disabled consumers who meet spend down. Of these:

- 2,766 have income that is 100% of the FPL or less, who would become non-spend down - 1,588 receiving community psychiatric services (CPS); 1,099 receiving developmental disabilities services (DD); and 79 receiving alcohol and substance abuse services (ADA) and,
- 3,345 have income that is greater than 100% FPL, who will have a reduction in spend down - 1,461 CPS; 1,830 receiving DD services; and 55 receiving ADA services.

These DMH consumers and the cost of their services are part of the overall persons and costs added to the Medicaid program in the Department of Social Services (DSS) fiscal note. DMH defers to the DSS for the actual fiscal impact.

Officials from the **Department of Health and Senior Services** defer to the Department of Social Services to calculate the fiscal impact of the proposed legislation.

Officials from the **Office of Administration, Division of Budget and Planning** state this proposal should not impact the calculation under Article X, Section 18(e). The receipt of new federal funding as a result of this legislation would result in unknown additional revenues to the state and local governments. This proposal could impact Total State Revenue (TSR) to the extent additional state revenues are received.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND (§208.151.1(24)) <u>Costs - DSS-MHD</u> Increase in state share of program expenditures	<u>(\$49,746,147)</u>	<u>(\$60,829,589)</u>	<u>(\$61,985,351)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$49,746,147)</u>	<u>(\$60,829,589)</u>	<u>(\$61,985,351)</u>
OTHER STATE FUNDS (various) (§208.151.1(24)) <u>Costs - DSS-MHD</u> Increase in state share of program expenditures	<u>(\$33,164,098)</u>	<u>(\$40,553,059)</u>	<u>(\$41,323,568)</u>
ESTIMATED NET EFFECT ON VARIOUS OTHER STATE FUNDS	<u>(\$33,164,098)</u>	<u>(\$40,553,059)</u>	<u>(\$41,323,568)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS			
(§208.151.1(24))			
<u>Income - DSS-MHD</u>			
Increase in program reimbursements	\$141,748,326	\$173,329,853	\$176,623,120
<u>Costs - DSS-MHD</u>			
Increase in program expenditures	<u>(\$141,748,326)</u>	<u>(\$173,329,853)</u>	<u>(\$176,623,120)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small medical businesses could be impacted by this proposal.

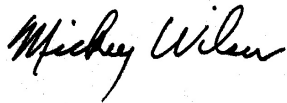
FISCAL DESCRIPTION

This proposal raises the current MO HealthNet eligibility income limits for elderly and disabled persons to one hundred percent of the federal poverty level.

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 Health and Senior Services
Department of Mental Health
Department of Social Services -
 MO HealthNet Division
Office of Administration -
 Division of Budget and Planning



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February 11, 2015

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