

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4547-04
Bill No.: CCS for HCS for SB 607
Subject: Medicaid/MO HealthNet; Public Assistance; Social Services Department
Type: Original
Date: May 3, 2016

Bill Summary: This proposal changes the laws regarding public assistance programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Up to \$1,059,868)	(Up to \$512,016)	(Up to \$708,830)
Total Estimated Net Effect on General Revenue	(Up to \$1,059,868)	(Up to \$512,016)	(Up to \$708,830)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Intergovernmental Transfer*	\$0	\$0	\$0
Various Other	\$366,692	\$1,059,346	\$977,858
Total Estimated Net Effect on Other State Funds	\$366,692	\$1,059,346	\$977,858

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 19 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Federal*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income, savings, expenditures and losses net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	2	2	2
Intergovernmental Transfer Fund	0	1	1
Federal Funds	0	1	1
Total Estimated Net Effect on FTE	2	4	4

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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.065 - Eligibility Verification

Officials from the **Department of Social Services (DSS)** provide the following assumptions for this proposal:

Section 208.065 - Eligibility Verification

This section requires the DSS to procure a contract no later than January 1, 2017, to verify eligibility for assistance under the supplemental nutrition assistance program (SNAP); the temporary assistance for needy families (TANF) program; the child care assistance program; and the MO HealthNet program using name, date of birth, address, and Social Security number of each applicant and recipient against public records and other data sources to verify eligibility data.

Family Support Division (FSD) officials assume the department would contract for this service. The contractor will conduct data match services to determine which participants may not be eligible for SNAP, TANF, child care assistance and MO HealthNet benefits. If there is no information/data that contradicts the original determination of benefits, then DSS assumes the participants are still eligible. However, DSS assumes all final eligibility determinations will be made by FSD.

Estimates for a contractor to provide services to implement eligibility determinations are based on past calculations prepared for the FY 2015 budget cycle as part of the Governor's recommendation. In addition, DSS assumes for the cases that are identified, case management services would be contracted to provide follow-up analysis of each case. Contract and case management costs are estimated to be \$2,774,200 (\$1,120,167 GR; \$1,654,033 Federal) in FY 2017, \$3,977,001 (\$1,710,357 GR; \$2,266,644 Federal) in FY 2018 and \$4,144,035 (\$1,782,192 GR; \$2,361,843 Federal) in FY 2019.

DSS based its savings on the Illinois Medicaid Redetermination Project report. According to the Illinois information, many Illinois cases had not been reinvestigated for some time. Missouri has been timelier on reinvestigations; therefore, DSS assumes a lesser percentage of cases reviewed would be cancelled. DSS assumed 75% of the Illinois caseload for the first 5 months of the first calendar year; 50% of the Illinois caseload for the last 7 months of the first calendar year and the first 6 months of the second calendar year; and then 25% of the Illinois caseload for the remainder of year two. There are no additional savings projected for year three.

ASSUMPTION (continued)

This legislation removes persons receiving home- and community-based services from being reviewed through this verification system. However, cost savings for home-and community-based services was already accounted for in the previous version. The calculation used includes 50% of the MO HealthNet participants, which takes into account the population described in this version of the legislation that is excluded from being processed through the third party verification system. Therefore, the cost savings remains the same as version 1.

Medicaid savings: DSS assumes \$239 per member per month (PMPM) savings. This is half of Adult MO HealthNet for Families participant PMPM cost. Illinois found that many participants losing coverage did not have PMPM costs representative of the caseload because they had not accessed services. Illinois' actual PMPM savings from first group was \$55 PMPM. DSS assumes Missouri savings would be more since Missouri has been completing reinvestigations timelier. Potential savings to the state from recoveries is \$2,493,009 (\$550,037 GR; \$366,692 Other Funds; \$1,576,280 Federal) in FY 2017; \$9,695,035 (\$2,139,035 GR; \$1,426,023 Other Funds; \$6,129,977 Federal) in FY 2018; for a cumulative total savings of \$16,343,059 (\$3,605,802 GR; \$2,403,868 Other Funds; \$10,333,389 Federal) in FY 2019.

SNAP savings: DSS assumes \$260 per member per month (PMPM) savings. Using the same methodology, potential savings are \$1,135,680 in Federal Funds for FY 2017; \$4,417,400 in Federal Funds for FY 2018; for a total cumulative SNAP Federal Fund savings of \$7,445,360 in FY 2019.

Food Stamp benefits are paid by the federal government and are not included in FSD's appropriations.

CFR 272.4(a)(2) Program administration and personnel requirements:

Due to federal rules for the Food Stamp program, FSD would be required to request a waiver to implement this process for Food Stamp applicants. If the waiver is not approved by the federal Food and Nutrition Services, FSD reasonably anticipates there could be sanctions imposed by the United State government if this process were implemented without an approved waiver. These sanctions could include a disallowance of some or all of the federal Food Stamp program funding.

TANF savings: DSS assumes \$230 per member per month (PMPM) savings. Using the same methodology, potential savings are \$64,860 in Federal Funds in FY 2017; \$253,000 in Federal Funds in FY 2018; for a total cumulative TANF Federal Funds savings of \$425,500 in FY 2019. This would result in a reduction of TANF spending on cash assistance, but not a savings in TANF funding because all TANF must be spent on one of the four purposes of the TANF program:

ASSUMPTION (continued)

- 1) To provide assistance to needy families;
- 2) To end dependence of needy parents by promoting job preparation, work and marriage;
- 3) To prevent and reduce out-of-wedlock pregnancies; and
- 4) To encourage the formation and maintenance of two-parent families.

FSD anticipates a shift in spending from cash grants to eligible families to other purposes of the TANF program.

Child care savings: DSS assumes \$323 per member per month (PMPM) savings. Using the same methodology, potential savings are \$122,094 in Federal Funds for FY 2017; \$474,810 in Federal Funds for FY 2018; for a total cumulative Child Care Development Federal Fund savings of \$800,394 in FY 2019.

This would result in a reduction of child care spending on assistance, but not a savings in Child Care Development Fund (CCDF) funding because all CCDF must be spent on child care assistance or child care quality programs.

Estimated cumulative savings for these four programs are \$3,815,643 (\$550,037 GR, \$366,692 Other Funds, \$2,898,914 Federal) in FY 2017; \$14,840,245 (\$2,139,035 GR, \$1,426,023 Other Funds, \$11,275,187 Federal) in FY 2018; for a total cumulative savings for four programs of \$25,014,313 (\$3,605,802 GR, \$2,403,868 Other Funds, \$19,004,643 Federal) in FY 2019.

TOTAL IMPACT

	TOTAL	GR	Federal	Other Funds
FY 2017	\$ 1,041,442	(\$570,131)	\$1,244,881	\$366,692
FY 2018	\$10,863,243	\$428,678	\$9,008,542	\$1,426,023
FY 2019	\$20,870,277	\$1,823,610	\$16,642,799	\$2,403,868

Oversight will present the individual savings for Medicaid/MO HealthNet and SNAP by year rather than as cumulative totals. Since funds for TANF must be spent on one of the four purposes of the TANF program and Child Care funds must be spent on child care assistance or child care quality programs, these do not actually present a savings to the state and will not be presented in the fiscal note.

Division of Legal Services (DLS) officials state this bill does not change the factors that FSD considers when making an eligibility determination, so there should be no significant increase in administrative hearings as a result of it.

ASSUMPTION (continued)

DLS will provide legal advice and technical assistance in issuing and implementing the contract. DLS anticipates that it will be able to accomplish this with existing resources.

DSS provided the **Office of Administration (OA), Information Technology Services Division (ITSD)** response. ITSD estimates the cost to be \$101,736 to the General Revenue Fund. The effort will involve 1,356.46 hours of contract labor at \$75 per hour. It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

The Family Assistance Management Information System (FAMIS) is expected to provide a file with the name, date of birth, address, and Social Security number of each applicant and recipient, and additional data provided by the applicant or recipient relevant to eligibility against public records and other data sources to verify eligibility data. There is no mention of the frequency of this exchange except the fact that deaths, moving out of state, and incarceration should be verified monthly.

This could end being a major change in FAMIS based on the actual requirement. The requirement talks about “name, date of birth, address, Social Security number of each applicant and recipient”. There are certain screens where FAMIS does not require the Eligibility Specialist (ES) to enter details of the applicant if they are not requesting benefits and this might have to change. Also, at this time, ITSD does not know if this will in any way impact the existing annual reinvestigation/recertification process in FAMIS. At this time, ITSD also does not know of any special requirements as far as forms and notices are concerned.

It should also be kept in mind that some of the MO HealthNet programs are already in the Missouri Eligibility Determination and Enrollment System (MEDES).

ITSD estimates the following contracted IT consultant hours and costs related to this proposal:

<u>Section</u>	<u>Hours</u>	<u>Rate/Hour</u>	<u>GR</u> <u>Costs</u>	<u>Federal Funds</u> <u>Costs</u>
208.065.1 (FAMIS)	457.92	\$75	\$34,344	
208.065.2 (FAMIS)	172.80	\$75	\$12,960	
208.065.3 (FAMIS)	276.48	\$75	\$20,736	
208.065.3 (IM)*	276.48	\$75	\$20,736	
208.065.4 (FAMIS)	<u>172.80</u>	\$75	<u>\$12,960</u>	
Total	1,356.48		\$101,736	

* Income Maintenance

ASSUMPTION (continued)

§208.152 - Payment for Behavior Assessment and Intervention Codes

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state if the proposed legislation is enacted, MHD would reimburse for behavior assessment and intervention codes 96150 to 96154 for all psychologists regardless of any accreditation or specific training. MHD does not currently reimburse for these codes for psychologists without specific training in this intervention; therefore, a cost would be incurred. MHD anticipates the reimbursement for these codes would be \$20.00 per unit. Medicare does reimburse for codes 96150 to 96154 and MHD pays for the Medicare deductible and coinsurance related to these codes for dual (Medicare and Medicaid) enrolled individuals. In FY 2015, MHD paid the coinsurance and deductibles on 1,983 units of service. The number of dual enrolled participants in October 2015 was 146,444. The number of claims billed per dual enrolled is 0.014 (1,983 / 146,444). The number of MHD participants who are eligible for these services covered by codes 96150 to 96154 was 805,666 in October 2015. The estimated number of units which would be billed to MHD is 11,279 (805,666 X 0.014 claims/dual enrolled) annually. The estimated FY 2015 cost would be \$225,580 (11,279 x \$20.00). The FY 2015 cost was inflated by 3% annually to arrive at the FY 2017 through FY 2020 cost.

Since this legislation is subject to appropriation, the cost is stated as a range.

FY 2017: Total \$0 to \$239,317 (GR \$0 to \$88,002; Federal \$0 to \$151,315);
FY 2018: Total \$0 to \$246,497 (GR \$0 to \$90,642; Federal \$0 to \$155,855); and,
FY 2019: Total \$0 to \$253,892 (GR \$0 to \$93,361; Federal \$0 to \$160,531).

§208.952 - Joint Committee on Public Assistance

Officials from the **Missouri Senate** assume the proposal will have no fiscal impact to the Missouri Senate. However, the language of the proposal establishing a joint committee to study Public Assistance will likely have a fiscal impact ranging from \$75,000 to \$165,000 annually. This estimate is based on current appropriations (rounded) for the Joint Committees of: Education, \$75,000; Administrative Rules, \$124,000; and Retirement Systems, \$165,000. Costs of employment or consulting contracts for staff will depend on the area of specialization. Actuarial services and/or economic forecasting for recipient demographics can range greatly; however, contract costs are likely to be less than \$100,000 annually.

In response to the previous version of this proposal, officials from the **Missouri House of Representatives (MHR)** assumed the proposal could cost \$0 to \$127,000 per year. This assumes the House would be responsible for up to half of the cost of staff (up to \$125,000

ASSUMPTION (continued)

annually), equipment and expenses (up to \$125,000 annually) and committee member (10) expenses for two meetings annually (\$200 per meeting/member or \$4,000). These estimates do not include fringe benefits.

Oversight notes in the TAFP'd CCS for SCS for HCS for HB 2012 that a \$300,000 appropriation of General Revenue funds for FY 2017 has been made for the Joint Committee on MO HealthNet. This proposal, among other things, changes the name of the Joint Committee on MO HealthNet to the permanent Joint Committee on Public Assistance. Oversight will show a cost of "Up to \$300,000" for expenses associated with the Joint Committee on Public Assistance and the contract/consulting costs to investigate public assistance programs.

Officials from the **Department of Elementary and Secondary Education (DESE)** state, depending upon the actions of the committee, this proposal could result in costs for the department.

DESE will have access to some state agency information through the Missouri Health Insurance Network (MOHIN) exchange; however, DESE does not collect the data required by this proposal, especially at the district level. The department can capture districts' Medicaid revenue at the end of the year through the ASBR (Annual Secretary of the Board Report), but DESE has no way to project future costs/growth for each school. Potential costs are assumed to be unknown, but could exceed \$100,000 annually.

Oversight assumes MO HealthNet growth projections, including enrollment growth categorized by population and geographic area will be primarily the responsibility of the Department of Social Services and DESE will have minimal costs associated with this provision of the proposal.

Officials from the **Department of Mental Health (DMH)** state this proposal requires the DMH to report state public assistance information to the Joint Committee on Public Assistance. This could create a cost to DMH in terms of gathering, reporting, and transmitting information; however, these costs would be absorbed through current DMH resources.

Officials from the **Department of Social Services, MO HealthNet Division, Family Support Division** and **Division of Legal Services** assume the proposal would not fiscally impact their agency.

§§208.1030 and 208.1032 - Reimbursements for EMS under MO HealthNet

Officials from the **Department of Social Services (DSS)** state this bill creates two new sections in Chapter 208, RSMo, which would authorize the MO HealthNet Division (MHD) to implement and administer supplemental payments to providers of ground emergency medical transportation for allowable medical expenditures. Participation by providers is voluntary; however, providers

ASSUMPTION (continued)

must be owned, operated, or contracted by the state, a political subdivision, or local government. To receive supplemental payment, providers must enter into and maintain an agreement with the department to implement and reimburse the department for administrative costs. The non-federal share of the supplemental payment is to be paid with funds collected via intergovernmental transfer by eligible providers.

Section 208.1030 specifies the provisions for providing supplemental reimbursement to providers under the fee-for-service (FFS) program. FFS providers cannot receive a net payment from MHD which exceeds one hundred percent of actual cost.

Section 208.1032 specifies the provisions for providing supplemental reimbursement to providers pursuant to a contract or other arrangement with a MO HealthNet managed care plan. The supplemental payment made to providers under managed care must be actuarially equivalent to FFS payments, but cannot exceed commercial reimbursement rates available. Furthermore, MO HealthNet managed care plans and coordinated care organizations are required to forward all payments received as part of an increased capitation payment for ground emergency transportation services to eligible providers.

MHD assumes DSS is required to obtain all necessary approvals from the Center for Medicare and Medicaid Services (CMS) before supplemental payments can be made. Any portions of this bill that do not comply with CMS requirements will not be implemented per Section 208.158, RSMo.

MHD assumes it will need two additional staff to develop and implement the proposed supplemental payment program. These staff would be responsible for obtaining federal approval of the Upper Payment Limit (UPL) program, contacting eligible providers for data, and serve as the liaison with contractors working to develop the calculation and payment methodologies. A Fiscal Administrative Manager Band 1 position (\$48,144 annually) and Management Analyst Specialist II (\$41,940 annually) are requested implement the program. MHD assumes the costs of these positions will be supported by collections from participating providers as specified in the bill.

Similar to MHD experiences with other UPL initiatives, MHD will need funds to contract with a vendor for the UPL Demonstration and to perform ongoing actuarial analyses. MHD assumes contracted work would begin in FY17 with a goal to begin supplemental payments in FY18. The UPL Demonstration assumes \$50,000 is needed in the first year to develop a calculation with \$25,000 needed in subsequent years to calculate annual payments. MHD assumes \$50,000 is needed annually to ensure payments are actuarially sound. All contract costs are estimated at a 50/50 Federal/General Revenue (GR) split.

ASSUMPTION (continued)

Because commercial rates and actual costs of these services are unknown, MHD assumes Medicare rates as the upper payment limit for the purposes of this analysis. Based on FY15 utilization of ground emergency medical transportation services, FY16 planned rates with the 1% rate increase effective January 1, 2016, and Medicare reimbursement as of January 2016, the supplemental payment for FFS providers could total \$15,333,064 in FY16. MHD assumes Medicaid rates will remain stagnant while Medicare rates will increase 3% each year. If the UPL program is not implemented until FY18, the total supplemental payments for FFS providers could total \$17,644,164.

MHD then determined the impact to eligible providers serving MO HealthNet recipients under a managed care contract by using December 2015 enrollment numbers. In December, there were 966,367 MO HealthNet enrollees. Of that number, 472,333 received services under MO HealthNet managed care. The remaining FFS enrollees (494,034) less disabled and elderly results in 257,878 individuals considered FFS Managed-Care like participants. Based on December 2015 expenditures, 24% of the FFS ambulance expenditures were made on behalf of Managed-Care like individuals (not aged, blind, or disabled). MHD determined a Medicaid per member per year (PMPY) cost for FY16 of \$21.12 ($\$22,616,040 * 24.09\% / 257,898$) and a Medicare PMPY cost of \$35.45 ($\$37,949,104 * 24.09\% / 257,898$). MHD then applied the FFS PMPY to the number of managed care enrollees less the number of participants that were aged, blind, or disabled since these populations use emergency medical transportation services at a higher rate than the managed care population. The FY16 supplemental payment under managed care would be \$6,764,428 ($\$16,741,858 \text{ Medicare} - \$9,977,430 \text{ Medicaid}$). MHD assumes Medicaid rates will remain stagnant while Medicare rates will increase 3% each year. If the UPL program is not implemented until FY18, the total supplemental payments for managed care providers would total \$7,784,007.

Therefore, the total supplemental payment to all emergency medical transportation providers would be \$25,428,172 total funds ($\$17,644,164 + \$7,784,007$). MHD assumes no GR would be used to make these payments as the entire state share would be transferred via IGT (Intergovernmental Transfer) to DSS.

Oversight notes per discussions with DSS officials that there is the DSS Intergovernmental Transfer Fund (#0139). Oversight assumes this is the fund that would be used for the draw down of supplemental payments for emergency medical transportation services.

In response to the previous version of this proposal, officials from the **Callaway County Ambulance District** stated they could seek an additional estimated \$208,405 in reimbursement for services provided to Medicaid patients on an annual basis.

ASSUMPTION (continued)

In response to the previous version of this proposal, officials from the **University of Missouri Health Care** stated they had reviewed the proposed legislation and determined that as written, it would not create additional expenses in excess of \$100,000 annually.

Oversight assumes this is the materiality threshold for the UM Health Care and that any costs incurred by UM can be absorbed within current resource levels.

Oversight notes the Department of Social Services (DSS) is to seek necessary federal approvals for the implementation of this program. For fiscal note purposes, Oversight assumes DSS is granted the necessary federal approvals.

Participation in the program by providers is voluntary as long as the providers meet the provisions of the proposal. DSS will submit claims for federal financial participation for the expenditures of services that are allowable under federal law, as well as any necessary materials that will provide assurance that the claims provided by ambulance services only include those expenditures that are allowable under federal law. Eligible providers must enter into agreements with the department, as a condition of receiving supplemental reimbursements, to reimburse the DSS for the costs of administering the program.

Oversight assumes the DSS will incur unknown costs to implement/set up the program in FY 2017 and assumes that reimbursements from providers will cover DSS costs, both in 2017 and in subsequent years and that the net effect to the General Revenue Fund will be \$0. All costs and reimbursements are unknown.

Bill as a Whole

Officials from the **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Savings - DSS-FSD/MHD (§208.065)</u>			
Recovery from eligibility verifications for Medicaid/MO HealthNet	\$550,037	\$1,588,983	\$1,466,753
<u>Costs - DSS-FSD/MHD (§208.065)</u>			
Contract and case management fees for eligibility verifications	(\$1,120,167)	(\$1,710,357)	(\$1,782,192)
<u>Costs - OA-ITSD (§208.065)</u>			
Contract IT costs	(\$101,736)	\$0	\$0
<u>Costs - DSS-MHD (§208.152)</u>			
Increased program payments	\$0 to... (\$88,002)	\$0 to... (\$90,642)	\$0 to... (\$93,391)
<u>Costs - Joint Committee on Public Assistance (§208.952)</u>			
Expenses associated with the Joint Committee on Public Assistance, personnel and consulting costs (2 FTE)	<u>(Up to \$300,000)</u>	<u>(Up to \$300,000)</u>	<u>(Up to \$300,000)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>(Up to \$1,059,868)</u>	<u>(Up to \$512,016)</u>	<u>(Up to \$708,830)</u>
Estimated Net FTE Effect on the General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
INTERGOVERNMENTAL TRANSFER FUND			
<u>Income</u> - DSS (§§208.1030 and 208.1032)			
Payments from participating ambulance providers	\$0	\$9,471,195	\$10,103,060
<u>Costs</u> - DSS (§§208.1030 and 208.1032)			
Personal service	\$0	(\$45,493)	(\$45,947)
Fringe benefits	\$0	(\$22,521)	(\$22,645)
Equipment and expense	\$0	(\$52,734)	(\$43,949)
Program distributions	\$0	(\$9,350,447)	(\$9,990,519)
Total <u>Costs</u> - DSS	<u>\$0</u>	<u>(\$9,471,195)</u>	<u>(\$10,103,060)</u>
FTE Change - DSS	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON THE INTERGOVERNMENTAL TRANSFER FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on the Intergovernmental Transfer Fund	0 FTE	1 FTE	1 FTE
OTHER STATE FUNDS (various)			
<u>Savings</u> - DSS-FSD/MHD (§208.065)			
Recovery from eligibility verifications for Medicaid/MO HealthNet	<u>\$366,692</u>	<u>\$1,059,346</u>	<u>\$977,858</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS (various)	<u><u>\$366,692</u></u>	<u><u>\$1,059,346</u></u>	<u><u>\$977,858</u></u>

<u>FISCAL IMPACT - State Government</u>	FY 2016 (6 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS			
<u>Income</u> - DSS-FSD/MHD (§208.065)			
Income for program reimbursements for contract and case management fees for eligibility verifications	\$1,654,033	\$2,266,644	\$2,361,843
<u>Income</u> - DSS-MHD (§208.152)			
Increase in program reimbursements	\$0 to... \$151,315	\$0 to... \$155,855	\$0 to... \$160,531
<u>Income</u> - DSS (§§208.1030 and 208.1032)			
Supplemental reimbursements	\$0	\$16,198,472	\$17,290,843
<u>Savings</u> - DSS-FSD/MHD (§208.065)			
Reduction in program expenditures due to verification of eligibility for Medicaid/MO HealthNet	\$1,576,280	\$4,553,697	\$4,203,413
<u>Savings</u> - DSS-FSD/MHD (§208.065)			
Reduction in SNAP expenditures	<u>\$1,135,680</u>	<u>\$3,281,720</u>	<u>\$3,027,960</u>
Total <u>All</u> Income and Savings	<u>Up to</u> <u>\$4,517,308</u>	<u>Up to</u> <u>\$26,456,388</u>	<u>Up to</u> <u>\$27,044,590</u>

<u>FISCAL IMPACT - State Government</u>	FY 2016 (6 Mo.)	FY 2017	FY 2018
FEDERAL FUNDS (continued)			
<u>Costs - DSS-FSD/MHD (§208.065)</u>			
Contract and case management fees for eligibility verifications	(\$1,654,033)	(\$2,266,644)	(\$2,361,843)
<u>Costs - DSS-MHD (§208.152)</u>			
Increase in program costs	\$0 to... (\$151,315)	\$0 to... (\$155,855)	\$0 to... (\$160,531)
<u>Costs - DSS (§§208.1030 and 208.1032)</u>			
Personal service	\$0	(\$45,493)	(\$45,947)
Fringe benefits	\$0	(\$22,521)	(\$22,645)
Equipment and expense	\$0	(\$52,734)	(\$43,949)
Program distributions	<u>\$0</u>	<u>(\$16,077,724)</u>	<u>(\$17,178,302)</u>
Total <u>Costs</u> - DSS	<u>\$0</u>	<u>(\$16,198,472)</u>	<u>(\$17,290,843)</u>
FTE Change - DSS	0 FTE	1 FTE	1 FTE
<u>Loss - DSS-FSD/MHD (§208.065)</u>			
Reduction in program reimbursements due to verification of eligibility for Medicaid/MO HealthNet	(\$1,576,280)	(\$4,553,697)	(\$4,203,413)
<u>Loss - DSS-FSD/MHD (§208.065)</u>			
Reduction in SNAP funds to the state	<u>(\$1,135,680)</u>	<u>(\$3,281,720)</u>	<u>(\$3,027,960)</u>
Total <u>All</u> Costs and Losses	<u>(Up to \$4,517,308)</u>	<u>(Up to \$26,456,388)</u>	<u>(Up to \$27,044,590)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Effect on Federal Funds	0 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (6 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business mental health provider may experience an increase in revenues for services provided for CPT Codes 96150 through 96154 if they participate in the MO HealthNet program. (§208.152)

FISCAL DESCRIPTION

This act requires the Department of Social Services, by January 1, 2017, to contract with a private vendor to verify that eligibility requirements are being met by recipients of public assistance, including supplemental nutrition assistance program; temporary assistance for needy families; child care assistance; and MO HealthNet. The Department will retain final determination of eligibility. The Department and the contractor are required to file an annual report with the Governor and the General Assembly regarding the eligibility data. (§208.065)

Beginning July 1, 2016, and subject to appropriations, this bill requires the MO HealthNet Division within the Department of Social Services to reimburse eligible providers, including psychologists, of behavioral, social, and psychophysiological services for the prevention, treatment, or management of physical health problems. A provider must be reimbursed utilizing the specified behavior assessment and intervention reimbursement codes or their successor codes under the Current Procedural Terminology coding system maintained by the American Medical Association. (§208.152)

This act modifies the Joint Committee on MO HealthNet to create a permanent Joint Committee on Public Assistance. The committee shall have as its purpose the study of the efficacy of public assistance programs within the state, determine the resources needed to continue and improve the programs, and develop recommendations on how to reduce dependency and promote public assistance recipient self-sufficiency as may be appropriate. The committee shall receive and obtain information from the departments of Social Services, Mental Health, Health and Senior Services, Elementary and Secondary Education, and any other department as applicable, regarding projected enrollment growth, budgetary matters, and any other information deemed relevant to the committee's purpose.

FISCAL DESCRIPTION (continued)

The committee shall meet at least twice a year. A portion of the meeting shall be set aside for public testimony. The committee is authorized to hire staff and enter into employment contracts, including an executive director, to conduct special reviews or investigations of the state's public assistance programs. The committee shall also conduct an annual rolling 5-year forecast of the state's public assistance programs and make recommendations to the General Assembly.

This act also repeals a section of law relating to a rolling 5-year MO HealthNet forecast conducted by the Legislative Budget Office. (§208.952)

The bill permits an eligible provider to receive MO HealthNet supplemental reimbursement to the extent provided by law in addition to the rate of payment that the provider would otherwise receive for Medicaid ground emergency medical transportation services. A provider must be eligible for Medicaid supplemental reimbursement if the provider meets specified characteristics during the state reporting period and an eligible provider's Medicaid supplemental reimbursement must be calculated and paid as specified in the bill. An eligible provider, as a condition of receiving supplemental reimbursement, must enter into and maintain an agreement with the designee of the Department of Social Services for the purposes of implementing the provisions of the bill and reimbursing the department for the costs of administering these provisions. The non-federal share of the supplemental reimbursement submitted to the Centers for Medicare and Medicaid Services for purposes of claiming federal financial participation must be paid and certified as specified in the bill.

The bill delineates the process for when an applicable governmental entity elects to seek supplemental reimbursement on behalf of an eligible provider owned or operated by, or contracted with the entity.

The bill authorizes the department to seek any necessary federal approvals for the implementation of the provisions of the bill and permits the department to limit the program to those costs that are allowable expenditures under Title XIX of the Social Security Act.

The bill authorizes the department to design and implement in consultation and coordination with eligible providers an intergovernmental transfer program relating to ground emergency medical transport services, including specified services, in order to increase capitation payments for the purpose of increasing reimbursement to eligible providers. A provider is eligible for increased reimbursement under this section only if the provider meets certain conditions in an applicable state fiscal year. To the extent intergovernmental transfers are voluntarily made by and accepted from an eligible provider or a governmental entity affiliated with an eligible provider, the department must make increased capitation payments as specified in the bill to applicable MO HealthNet managed care plans and coordinated care organizations for covered ground emergency medical transportation services.

FISCAL DESCRIPTION (continued)

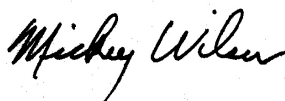
The intergovernmental transfer program must be implemented on the date federal approval is obtained, and only to the extent intergovernmental transfers from the eligible provider, or the governmental entity with which it is affiliated, are provided for this purpose. The department must implement the intergovernmental transfer program and increased capitation payments on a retroactive basis as permitted by federal law. Participation in the intergovernmental transfers is voluntary on the part of the transferring entities for purposes of all applicable federal laws.

The bill specifies conditions of participation for MO HealthNet managed care plans, coordinated care organizations, eligible providers, and governmental entities affiliated with eligible providers. The provisions of the bill must be implemented only if and to the extent federal financial participation is available and is not otherwise jeopardized, and any necessary federal approvals have been obtained. To the extent that the director of the department determines that the payments made under the provisions of the bill do not comply with federal Medicaid requirements, the director retains the discretion to return or not accept an intergovernmental transfer, and may adjust payments as necessary to comply with federal Medicaid requirements. (§§208.1030 and 208.1032)

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 Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Social Services -
 Family Support Division
 Division of Legal Services
 MO HealthNet Division
Missouri House of Representatives
Office of Administration -
 Information Technology Services Division/DSS
Missouri Senate
University of Missouri Health System
Callaway County Ambulance District



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Mickey Wilson, CPA
Director
May 3, 2016

Ross Strobe
Assistant Director
May 3, 2016