

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5966-01
Bill No.: SB 925
Subject: Disabilities; Health Care; Insurance - Medical; Medicaid; Social Services
 Department
Type: #Updated
Date: April 1, 2016
 #Updated with agency responses.

Bill Summary: This proposal creates the MO HealthNet Buy-In for Workers with Disabilities program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#General Revenue	(\$12,459,245)	(\$15,368,791)	(\$15,829,855)
#Total Estimated Net Effect on General Revenue	(\$12,459,245)	(\$15,368,791)	(\$15,829,855)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
#Other State funds	(\$4,272,190)	(\$5,280,427)	(\$5,438,840)
#Total Estimated Net Effect on Other State Funds	(\$4,272,190)	(\$5,280,427)	(\$5,438,840)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

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

* Income and expenses greater than \$35.5 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Upon receipt and review of agency responses, Oversight has determined that an updated fiscal note should be prepared. For the original fiscal note, Oversight assumed costs for the proposal would be unknown exceeding \$15 million annually, split 40%/60% between General Revenue and federal funds.

#Officials from the **Department of Social Services (DSS), Family Support Division** and the **MO HealthNet Division (MHD)** provide the following assumptions regarding this proposal:

#**FSD** officials state section 208.146 changes the name of the current Ticket to Work Health Assurance program to the MO HealthNet Buy-In for Workers with Disabilities. The act removes the current gross and income maximums and changes the income test to 300% of the federal poverty level (FPL) after all applicable deductions from the disabled worker's household income. The act removes the current asset limit applicable to the eligibility test and changes the applicable deductions currently in place. Deductions to income prior to the 300% FPL test now include all earned income of the disabled worker's spouse, a twenty dollar standard deduction, health insurance premiums, a seventy-five dollar a month standard deduction for optical and dental insurance when the premiums are less than seventy-five dollars, all supplemental security income and first fifty dollars of social security disability income, and a standard impairment-related employment deduction of one-half of the disabled worker's earned income.

#FSD determined there would be 7,625 individuals eligible for this program already receiving some type of MO HealthNet benefits. FSD determined these individuals by identifying the current population who meet the new eligibility parameters described above. This population includes the 1,734 current Ticket to Work Health Assurance program eligibles, 5,603 individuals receiving other MO HealthNet benefits and 288 receiving Qualified Medicare Beneficiary/Specified Low-Income Medicare Beneficiary (QMB/SLMB) only. Because these QMB/SLMB only cases do not currently receive full MO HealthNet benefits, any new cases resulting from that population are included in the calculation of new eligibles.

#The FSD determined there will be 1,363 new MO HealthNet cases eligible for the MO HealthNet Buy-In for Workers with Disabilities program if the income and asset eligibility are changed as proposed.

#The FSD arrived at 1,363 new cases in this manner:

#The data collected to determine the number of individuals assumed to be eligible include all individuals age 16-64, employed with taxes withheld from their income, and income under 300% of FPL. The income was determined by deducting ½ of the disabled worker's earned income, all

ASSUMPTION (continued)

#Supplemental Security Income (SSI) payments and all of any other individual's income in the household. FSD was not able to also include the other applicable deductions in the calculation due to system limitations.

#In State Fiscal Year (SFY) 2015, the FSD rejected (due to excess resources) 329 MO HealthNet applications of employed individuals, age 16-64, claiming a disability. Of those 329, 325 individuals had income (using parameters explained above) of less than 300% FPL. All 325 of these individuals would be eligible for the MO HealthNet Buy-in for Workers with Disabilities program.

#Total New Cases from Rejections:

276 (non premium)

49 (premium)

325 Total

#The FSD would also see an increase in eligibles from the QMB/SLMB population. In SFY 2015, there was an average of 4,605 QMB persons. Of these, 72 individuals would be eligible for the MO HealthNet Buy-in for Workers with Disabilities program. All of these individuals would be eligible at a non premium level.

#Total New Cases from QMB:

72 (non premium)

#In SFY 2015, there was an average of 11,523 SLMB persons. Of these, 216 would be eligible for the MO HealthNet Buy-in for Workers with Disabilities program. 213 of these individuals would be eligible at a non premium level, while 3 would be eligible at a premium level.

#Total New Cases from SLMB:

213 (non premium)

3 (premium)

216 total

#The FSD anticipates an increase in applications as a result of the removal of resource limits and changes in income calculations. These applications would come from a previously unknown population who currently choose not to apply due to the current resource limits and/or income guidelines. According to U.S. Census Bureau data, there are 10,223 Missouri individuals age 19-64, who are uninsured/not on MHN who claim a health problem limiting work, who are employed. FSD conducted an analysis of the income levels of these individuals and found 1,644

ASSUMPTION (continued)

#of these individuals have income between 0% and 100% of FPL and 1,354 more than 100% but less than 300% of FPL. The remaining 7,225 have income 300% or more. Individuals with income less than 100% of FPL will receive non premium MO HealthNet Buy-In for Workers with Disabilities. Individuals with income above 100% will receive MO HealthNet Buy-In for Workers with Disabilities requiring a premium. FSD concludes that it could be reasonably assumed that 25% of individuals with income below 300% of FPL would apply and be eligible for MO HealthNet Buy-In for Workers with Disabilities. Therefore, FSD would expect to see an increase of 411 (1,644*25%) individuals with no premium and 339 (1,354* 25%) individuals with a premium , or a total of 750 (411 + 339) new MO HealthNet Buy-In for Workers with Disabilities cases from the unknown population as a result of the removed resource limits and changed income disregards in the first year.

#Total new cases from Unknown Population:

411 (premium)
339 (non premium)
750 new cases

#Total New MO HealthNet Cases:

325 (rejections/closures)
72 (QMB)
216 (SLMB)
750 (unknown population)
1,363 New Cases Total
900 (non premium)
463 (premium)

#The FSD assumes existing staff will be able to complete necessary additional work as a result of this proposal.

#The FSD assumes Office of Administration, Information Technology Systems Division (OA,ITSD) will include the Family Assistance Management Information System (FAMIS) programming costs for the system changes as well as the system generated notice needed to implement provisions of this bill in their response.

#Therefore, there is no fiscal impact to the Family Support Division.

#**MHD** officials state FSD provided MHD with data on eligibles who would qualify for the MO HealthNet Buy-In for Workers with Disabilities program under this bill. Out of these eligibles,

ASSUMPTION (continued)

#there are two groups--those who currently receive MO HealthNet benefits under a different eligibility category and those who are not currently receiving MO HealthNet benefits and would be new eligibles.

#There are 7,625 eligibles who meet eligibility requirements to receive MO HealthNet benefits that also meet the new eligibility parameters described above. Out of the 7,625 eligibles, 1,734 are currently in the Ticket to Work program. That leaves 5,891 (7,625 – 1,734) eligibles who could switch to this new program. Out of the 5,891 eligibles, there are 4,401 that would not switch (i.e. no regular source of earned income, already receive full medical coverage, etc.). In addition, there are 72 individuals that currently receive full MO HealthNet benefits as dual eligibles (QMB only) that would not switch. That leaves 1,418 (5,891 - 4,401 - 72) eligibles that could switch.

#Out of the 1,418 eligibles, 674 (638 qualify under the "non-premium" program and 36 qualify under the "premium" program) will likely enroll in the modified Workers with Disabilities program because they don't currently meet spenddown; 216 (213 non-premium and 3 premium) will be added because they are only receiving limited medical benefits under Medicare now (SLMB and QI only); and 528 (512 non-premium and 16 premium) who currently meet spenddown. MHD assumes that all individuals who currently meet spenddown that qualify for the non-premium program (0-100%) would switch over to avoid paying spenddown. MHD further assumes those that currently meet spenddown and qualify for the premium program would likely switch because paying the annual premium (4-6% of income) would be more affordable than meeting spenddown. However, the 528 individuals who meet spenddown receive full Medicaid coverage now. Therefore, the only costs MHD includes in this estimate for this group are their spenddown amounts as MO HealthNet would now cover the costs of these services in lieu of the individual. FSD also identified 1,075 (687 non-premium and 388 premium) newly eligible individuals that are not receiving MO HealthNet benefits.

#An annual cost per person was calculated for the premium (\$22,344 rounded) and non-premium (\$29,157 rounded) eligibles using FY 15 Ticket to Work expenditures.

#The cost for new premium eligibles is \$9,540,814 ($\$22,343.83 * (36+3+388)$). An annual cost based on the average spenddown per person was calculated for premium eligibles who met spenddown and who would switch to the new program. There are 16 eligibles who would switch for a total cost of \$95,403. These 443 (36+3+388+16) eligibles would have to pay a premium. MHD calculated a total savings of \$408,654 for these eligibles. The total cost for the premium group would be \$9,227,563 ($\$9,540,814 + \$95,403 - \$408,654$).

ASSUMPTION (continued)

#The costs for new non-premium eligibles is \$44,843,933 ($\$29,157 * (638+213+687)$). An annual cost based on an average spenddown per person was calculated for non-premium eligibles who met spenddown and who would switch to the new program. There are 512 eligibles who would switch for a total cost of \$447,662. The total cost for non-premium eligibles is \$45,291,595 ($\$44,843,933 + \$447,662$).

#The total cost for the premium and non-premium groups is \$54,519,158. This estimate includes costs for services provided by DMH and DHSS. MHD assumed a portion of these costs would be funded through other funded sources. To calculate the FY 17 cost, it is assumed there would only be 10 months of expenditures, costing a total of \$45,432,632 ($\$54,519,158 * (10/12)$). A 3% inflation factor was used to calculate the total cost for FY 18 and beyond.

#The total costs for this legislation are:

SFY 17 (10 months):	\$45,432,632 (\$12,434,297 GR; \$4,272,190 Other; \$28,726,145 Federal);
SFY 18:	\$56,154,733 (\$15,368,791 GR; \$5,280,427 Other; \$35,505,515 Federal);
SFY 19:	\$57,839,375 (\$15,829,855 GR; \$5,438,840 Other; \$36,570,680 Federal).

#Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)** state this bill renames the Ticket to Work Health Assurance Program (TWHA) which is a functional program in FAMIS. The bill renames the TWHA to the Mo HealthNet Buy-In for Workers with Disabilities program. This requires renaming all occurrences of the TWHA in the current system and involves a few screen changes, table value changes, Forms & Notices changes, etc. Changes to FAMIS requires additions and modifications to existing rules in TWHA to match those of the bill.

#It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

#ITSD estimates this proposal will require a total of 665.28 IT consultant contract hours at \$75 per hour, or \$49,896, to complete. This cost will be split 50/50 between General Revenue and federal funds and is an one-time cost for FY 2017.

#Officials from the **Department of Mental Health (DMH)** state the proposed legislation changes the name of the Medicaid category authorized in RSMo Section 208.146 from the "Ticket to Work Health Assurance" program to the "MO HealthNet Buy-In For Workers With Disabilities" program and changes the income and asset limits for the program.

ASSUMPTION (continued)

#It replaces the current separate gross and net income limits with one income limit of 300% of the federal poverty level (FPL) after allowable income disregards. The disregards are the same as those for the current net income limit, except earned income of the disabled worker will now be counted and earned income of a spouse will be disregarded. The effect of this change would be to allow persons to qualify based on any amount of earned income as long as Medicare and Social Security taxes are withheld or paid. Whereas, under the current program rules persons who are receiving Social Security or other types of unearned income or have an employed spouse can be ineligible due to not earning enough to have the deduction for impairment-related work expenses (equal to one-half of earnings) reduce the income to the current net limit of 85% of the FPL. The change would also allow workers with a disability to earn more without losing coverage as the income limit would be based on countable income rather than gross income. Some persons would have lower premiums as the premium ranges would be based on countable income after disregards rather than gross income.

#The proposed legislation eliminates the asset limit for the program, which will allow workers with disabilities who qualify for the program to save more of their earnings and other income for future needs.

#DMH anticipates some Medicaid spend down clients who receive community psychiatric rehabilitation (CPR) services, comprehensive substance abuse treatment and rehabilitation (CSTAR), and Developmental Disability (DD) waiver services will become eligible for Medicaid under the MO HealthNet Buy-In For Workers With Disabilities program either with a premium lower than their current spend down or no premium.

#The anticipated impact to DMH is unknown > \$100,000. The additional cost for CPR, CSTAR, and DD services for the additional individuals changing from spend down to the workers with disabilities program and those becoming eligible due to the elimination of the asset limit are included in the Department of Social Services (DSS) estimate; therefore, DMH defers to the DSS for the fiscal impact of this proposal on the DMH.

#Officials from the **Department of Health and Senior Services** and the **Department of Labor and Industrial Relations** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>#Costs - DSS (§208.146)</u>			
Increase in state share of program costs	(\$12,434,297)	(\$15,368,791)	(\$15,829,855)
<u>#Costs - OA (§208.146)</u>			
FAMIS modifications	(\$24,948)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$12,459,245)</u>	<u>(\$15,368,791)</u>	<u>(\$15,829,855)</u>
OTHER STATE FUNDS			
<u>#Costs - DSS (§208.146)</u>			
Increase in state share of program costs	(\$4,272,190)	(\$5,280,427)	(\$5,438,840)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(\$4,272,190)</u>	<u>(\$5,280,427)</u>	<u>(\$5,438,840)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
FEDERAL FUNDS			
<u>#Income</u> - DSS (§208.146)			
Increase in program reimbursements	\$28,726,145	\$35,505,515	\$36,570,680
<u>#Income</u> - OA (§208.146)			
Reimbursement for FAMIS modifications	\$24,948	\$0	\$0
<u>#Costs</u> - DSS (§208.146)			
Increase in program costs	(\$28,726,145)	(\$35,505,515)	(\$36,570,680)
<u>#Costs</u> - OA (§208.146)			
FAMIS modifications	<u>(\$24,948)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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

The Ticket to Work Health Assurance Program provides medical assistance through MO HealthNet for employed, disabled persons who meet certain qualifications, including asset limits and earned, net, and gross income calculations. Under current law, disabled individuals whose income exceeds one hundred percent of the federal poverty level pay a premium for participation in the program. If an eligible person's employer offers employer-sponsored health insurance and the Department of Social Services determines the employer-sponsored insurance is more cost effective, the department will instead pay that person's costs for the employer-sponsored health insurance.

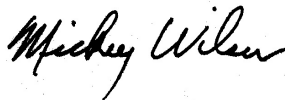
FISCAL DESCRIPTION (continued)

This act changes the Ticket to Work Health Assurance Program to the "MO HealthNet Buy-In for Workers with Disabilities Program." MO HealthNet Buy-In differs from the Ticket to Work Health Assurance Program in the following ways: (1) removes asset limits from qualification calculations; (2) simplifies the income calculation from a net/gross calculation to a broader definition that would consider income for those disabled persons with incomes up to 300% of the federal poverty level, while retaining the requirement that persons with incomes over 100% of the federal poverty level pay a premium; (3) all earned income of a spouse shall be disregarded from income calculations; (4) if the Department elects to pay the person's costs of employer-sponsored health insurance, MO HealthNet assistance shall be provided as a secondary or supplemental policy; (5) the Department shall provide an annual report to the General Assembly concerning the number of participants and outreach and education efforts; and (6) the expiration provision for the program of August 29, 2019, has been removed.

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 Labor and Industrial Relations
Department of Social Services -
 Family Support Division
 MO HealthNet Division



Mickey Wilson, CPA
Director
April 1, 2016

Ross Strope
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April 1, 2016