

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0546-01
Bill No.: SB 203
Subject: Disabilities; Health Care; Insurance - Medical; Medicaid; Public Assistance;
Social Services Department
Type: #Updated
Date: March 6, 2017
#Updated to include all eligible recipients and costs for FY18 by the Department of Social Services, MO HealthNet Division.

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 2018	FY 2019	FY 2020
#General Revenue	#\$6,789,480)	(\$15,192,034)	(\$15,810,666)
Total Estimated Net Effect on General Revenue	#\$6,789,480)	(\$15,192,034)	(\$15,810,666)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
#Other State	#\$2,689,341)	(\$6,108,227)	(\$6,358,665)
Total Estimated Net Effect on <u>Other</u> State Funds	#\$2,689,341)	(\$6,108,227)	(\$6,358,665)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$38 million annually and net to \$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§208.146 - MO HealthNet Buy-In for Workers with Disabilities

Officials from the **Department of Social Services (DSS)** state this proposal modifies section 208.146 to include a Medicaid buy in for workers with disabilities whose income is below 300% of the poverty level. It removes asset limits and deletes 'gross income' and replaces it with 'income' to determine income eligibility. In addition, the proposal modifies what is to be considered income of the participant by excluding all earned income of spouse. It also allows the MO HealthNet Division the option to pay a participant's employee share costs of insurance premiums.

The **DSS, Family Support Division (FSD)** states 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 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 8,168 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 1,920 current Ticket to Work Health Assurance program eligibles, 5,936 individuals receiving other MO HealthNet benefits and 312 receiving Qualified Medicaid 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 **1,565** 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 1,565 new cases in this manner:

ASSUMPTION (continued)

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 $\frac{1}{2}$ of the disabled worker's earned income, all 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 SFY 2016, the FSD rejected (due to excess resources) 368 MO HealthNet applications of employed individuals, age 16-64, claiming a disability. Of those 368, **363** individuals had income (using parameters explained above) of less than 300% FPL. All 363 of these individuals would be eligible for the MO HealthNet Buy-in for Workers with Disabilities program.

Total New Cases from Rejections:

308 (non-premium)
55 (premium)
363 Total

The FSD would also see an increase in eligibles from the QMB/SLMB population. In SFY 2016, there was an average of 4,825 QMB persons. Of these, 74 individuals would be eligible for the MO HealthNet Buy-in for Workers with Disabilities program. 73 of these individuals would be eligible at a non-premium level, while 1 would be eligible at a premium level.

Total New Cases from QMB:

73 (non-premium)
1 (premium)
74 total

In SFY 2016, there was an average of 12,423 SLMB persons. Of these, 238 would be eligible for the MO HealthNet Buy-in for Workers with Disabilities program. 231 of these individuals would be eligible at a non-premium level, while 7 would be eligible at a premium level.

Total New Cases from SLMB:

231 (non-premium)
7 (premium)
238 total

ASSUMPTION (continued)

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 3,561 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 1,937 of these individuals have income between 0% and 100% of FPL and 1,624 more than 100% but less than 300% of FPL. There are 0 individuals that have income 300% or more of FPL. 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. FSD would see an increase of 484 ($1,937 \times 25\%$) individuals with no premium and 406 ($1,624 \times 25\%$) individuals with a premium, or a total of 890 ($484 + 406$) 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:

406 (non-premium)

484 (premium)

890 new cases

Total New MO HealthNet Cases

363 (rejections/closures)

74 (QMB)

238 (SLMB)

890 (unknown population)

1,565 New Cases Total

1,018 (non-premium)

547 (premium)

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

ASSUMPTION (continued)

The FSD assumes Office of Administration, Information Technology Services Division (OA, ITSD/DSS) 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.

The **MO HealthNet Division (MHD)** states 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, 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 8,168 eligibles who meet eligibility requirements to receive MO HealthNet benefits that also meet the new eligibility parameters described above. Out of the 8,168 eligibles, 1,920 are currently in the Ticket to Work program. That leaves 6,248 (8,168 – 1,920) eligibles who could switch to this new program. Out of the 6,248 eligibles, there are 4,693 that would not switch (i.e. no regular source of earned income, already receive full medical coverage, etc.). In addition, there are 74 individuals that currently receive full MO HealthNet benefits as dual eligibles (QMB only) that would not switch. That leaves 1,481 (6,248 – 4,693 – 74) eligibles that could switch.

Out of the 1,481 eligibles, 706 (656 qualify under the "non-premium" program and 50 qualify under the "premium" program) will likely enroll in the modified Workers with Disabilities program because they don't currently meet spenddown; 238 (231 non-premium and 7 premium) will be added because they are only receiving limited medical benefits under Medicare now (SLMB and QI only); and 537 (527 non-premium and 10 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 537 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 1,253 (714 non-premium and 539 premium) newly eligible individuals that are not receiving MO HealthNet benefits.

ASSUMPTION (continued)

An annual cost per person was calculated for the premium (\$21,045 rounded) and non-premium (\$28,065 rounded) eligibles using FY 16 Ticket to Work expenditures.

The cost for new premium eligibles is \$12,542,677 ($\$21,045 \text{ rounded} * (50+7+539)$).

However, 7 of the new premium eligibles currently receive partial benefits at an annual cost of \$11,256 ($7 * \$134 * 12 \text{ months}$); therefore, the overall cost for the premium eligibles is offset by this amount. An annual cost based on the average spenddown per person was also calculated for premium eligibles who met spenddown and who would switch to the new program. There are 10 additional eligibles who would switch for a total cost of \$53,626. The 606 premium eligibles ($50+7+539+10$) would have to pay a premium. MHD calculated a total savings of \$562,132 for these eligibles. The total cost for the premium group would be \$12,022,915 ($\$12,542,677 + \$53,626 - \$562,132 - \$11,256$).

The costs for new non-premium eligibles is \$44,932,542 ($\$28,065 \text{ rounded} * (656+231+714)$). However, 231 of the new non-premium eligibles currently receive partial benefits at an annual cost of \$371,448 ($231 * \$134 * 12 \text{ months}$); therefore, the overall cost for the premium eligibles is offset by this amount. 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 527 eligibles who would switch for a total cost of \$388,499. The total cost for non-premium eligibles is \$44,949,593 ($\$44,932,542 + \$388,499 - 371,448$).

The total cost for the premium and non-premium groups is \$56,972,508. This estimate includes costs for services provided by the Department of Mental Health and the Department of Health and Senior Services. MHD assumed a portion of these costs would be funded through other funded sources. To calculate the FY18 cost, it is assumed there would only be 10 months of expenditures.

For FY 18, MHD further assumed that new eligibles would phase in, with 1/10 of the annual total adding to the program monthly. Beginning in FY19, all eligibles are fully phased in.

A 4.1% inflation factor was used to calculate the total cost for FY 19 and beyond.

#MHD included all eligible recipients and costs in SFY18.

The total costs for this legislation are:

#SFY18 (10 months):	\$26,276,394 (\$6,764,532 GR; \$2,689,341 Other; \$16,822,521 Federal)
SFY19:	\$59,308,380 (\$15,192,034 GR; \$6,108,227 Other; \$38,008,119 Federal)
SFY20:	\$61,740,024 (\$15,810,666 GR; \$6,358,665 Other; \$39,570,693 Federal)

ASSUMPTION (continued)

The **DSS, Division of Legal Services (DLS)** assumes a waiver may need to be submitted to the Centers for Medicare and Medicaid Services (CMS) to approve these changes. As the legal counsel for MHD, DLS will be responsible for assisting MHD in requesting the waiver. DLS assumes no impact; however, DLS defers to MHD for potential fiscal impact on the program.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state this bill renames the Ticket to Work Health Assurance Program (TWHHA) which is a functional program in FAMIS. The bill renames the TWHHA to the Mo HealthNet Buy-In for Workers with Disabilities program. This requires renaming all occurrences of the TWHHA in the current system and involves a few screen changes, table value changes, Forms & Notices changes, etc. The changes in the remaining part of the document appear to be adding new rules, and modifying (including removing) existing rules. These changes are spread across the system and includes eligibility determination changes, especially resource and income determination.

This bill require MO HealthNet to change reports and notices from Ticket to Work Health Assurance to MO HealthNet Buy-In for Workers with Disabilities.

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 2018.

Officials from the **Department of Mental Health (DMH)** state the 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 estimate; therefore, DMH defers to DSS for a better estimate of the potential fiscal impact of this proposal.

Officials from the **Department of Health and Senior Services** and the **OA, Division of Budget & Planning** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE FUND			
<u>Costs - DSS (§208.146)</u>			
# Increase in state share of program costs	#\$6,764,532)	(\$15,192,034)	(\$15,810,666)
<u>Costs - OA (§208.146)</u>			
FAMIS modifications	<u>(\$24,948)</u>	<u>\$0</u>	<u>\$0</u>
#ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>#\$6,789,480)</u>	<u>(\$15,192,034)</u>	<u>(\$15,810,666)</u>
OTHER STATE FUNDS			
<u>Costs - DSS (§208.146)</u>			
#Increase in state share of program costs	<u>#\$2,689,341)</u>	<u>(\$6,108,227)</u>	<u>(\$6,358,665)</u>
#ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>#\$2,689,341)</u>	<u>(\$6,108,227)</u>	<u>(\$6,358,665)</u>
FEDERAL FUNDS			
<u>Income - DSS (§208.146)</u>			
#Increase in program reimbursements	#\$16,822,521	\$38,008,119	\$39,570,693
<u>Income - OA (§208.146)</u>			
Reimbursement for FAMIS modifications	\$24,948	\$0	\$0
<u>Costs - DSS (§208.146)</u>			
#Increase in program expenditures	#\$16,822,521)	\$38,008,119	(\$39,570,693)
<u>Costs - OA (§208.146)</u>			
FAMIS modification expenditures	<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>

FISCAL IMPACT - Local Government

FY 2018
(10 Mo.)

FY 2019

FY 2020

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

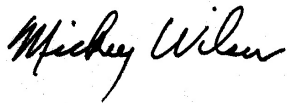
The Ticket to Work Health Assurance Program provides medical assistance through MO HealthNet for employed, disabled persons who meet certain qualifications, including asset limits and earned, net, and gross income calculations. Under current law, disabled individuals whose income exceeds one hundred 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.

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) modifies 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 Social Services -
 Family Support Division
 MO HealthNet Division
 Division of Legal Services
Office of Administration -
 Division of Budget & Planning
 Information Technology Services Division/DSS



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