

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4371-01  
Bill No.: SB 563  
Subject: Disabilities; Elderly; Health Care; Medicaid/MO HealthNet; Pharmacy; Social Services Department  
Type: Original  
Date: January 9, 2018

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Bill Summary: This proposal modifies provisions to the MO Rx Plan.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
General Revenue	(\$11,880,509)	(\$10,873,294)	(\$10,873,294)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$11,880,509)</b>	<b>(\$10,873,294)</b>	<b>(\$10,873,294)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.790 - MO Rx Program

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD) and Division of Legal Services (DLS)** state this proposal modifies the MO Rx Program. Section 208.790 removes the requirement that MO Rx applies only to Medicaid dual eligible individuals.

**MHD** officials state this legislation allows individuals whose income is less than one hundred eighty-five percent of the federal poverty level for the applicable family size to be eligible for the MO Rx plan.

Currently the MO Rx program is available for dual (Medicare and Medicaid) participants only.

Subject to appropriation, if this legislation is enacted, the program will be available for dual and non-dual participants.

The projected average number of non-duals in FY19 is 63,596. Using a per member per year cost of \$281, the projected F19 10 month cost would be \$14,909,544 (rounding).

The estimated FY19 start-up and administrative cost include contractor (\$83,333), mailings (\$75,043), and enrollment fees (\$333,877) and would be \$492,254 for a total cost of \$15,401,797 (\$14,909,543 + \$492,254).

Estimated FY19 rebate revenue of \$3,521,288 would be offset against the cost and it is assumed MO Rx rebates are paid 6 months in arrears.

Therefore, FY19 net costs to the General Revenue (GR) Fund would be \$11,880,509 (\$15,401,797 - \$3,521,288). Full year FY20 and FY21 net costs to GR (after rebates) are \$10,873,294.

**DLS** state the proposal will have no impact to DLS and that they defer to MHD for the potential fiscal impact of this proposal.

**Oversight** notes Section 208.790 provisions removing MO Rx Program benefits for non-dual (Medicare only) participants was enacted with the passage of CCS HCS SCS SB 139 in 2017. In the fiscal note MHD anticipated a 2018 savings of \$13,075,876 (\$16,068,071 - \$2,992,195 lost rebate revenue).

ASSUMPTION (continued)

MHD's FY 18 budget for the MO Rx Plan for dual-eligibles only was \$11,562,803; the FY 19 budget request for the MO Rx Plan for dual eligibles is \$11,562,803.

Expenditures for the MO Rx Drug Program covering both dual and non-dual eligibles were approximately \$22.3 million in FY 16 and \$22.9 million for FY 17.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Income - DSS (\$208.790)</u>			
Rebate revenue	\$3,521,288	\$7,223,626	\$7,223,626
<u>Costs - DSS (\$208.790)</u>			
Contractor, mailings, & enrollment	(\$492,253)	(\$205,468)	(\$205,468)
Program expenditures	<u>(\$14,909,544)</u>	<u>(\$17,891,452)</u>	<u>(\$17,891,452)</u>
Total <u>Costs - DSS</u>	<u>(\$15,401,797)</u>	<u>(\$18,096,920)</u>	<u>(\$18,096,920)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$11,880,509)</u></b>	<b><u>(\$10,873,294)</u></b>	<b><u>(\$10,873,294)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Under current law, only Medicaid dual eligible individuals meeting certain income limitations are eligible to participate in the Missouri RX Plan. This act removes the Medicaid dual eligible requirement, while retaining the income limitations.

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 Social Services -  
MO HealthNet Division  
Division of Legal Services

Ross Strobe



Acting Director  
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