

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4442-04
Bill No.: Perfected SS for SB 699
Subject: Disabilities; Health Care; Insurance - Medical; Medicaid; Public Assistance;
Social Services Department
Type: Original
Date: February 19, 2018

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 2019	FY 2020	FY 2021
General Revenue	(\$5,810,164)	(\$12,694,766)	(\$13,173,166)
Total Estimated Net Effect on General Revenue	(\$5,810,164)	(\$12,694,766)	(\$13,173,166)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Other State	(\$1,512,723)	(\$3,425,904)	(\$3,556,088)
Total Estimated Net Effect on Other State Funds	(\$1,512,723)	(\$3,425,904)	(\$3,556,088)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

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

* Income and expenditures exceed \$29 million annually and net to \$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
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 after all deductions is below 250% of the poverty level. It changes the countable assets to be included in the 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 the first fifty thousand dollars of earned income of the participant's spouse. It also allows MHD the option to pay a participant's employee share costs for insurance premiums. Section 208.146.7 requires the MO HealthNet Division (MHD) to submit an annual report of the number of participants in the program and describe outreach efforts to the general assembly.

The **DSS, Family Support Division (FSD)** states 208.146 changes the income disregards and countable assets of the current Ticket to Work Health Assurance program. The act removes the current gross and net income maximums and changes the total income test after deductions to 250% of the federal poverty level (FPL). The first \$50,000 per year of earned income of the disabled worker's spouse would be included in the deduction to income prior to the 250% FPL test in addition to these current deductions: 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 the 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. The act also excludes all retirement accounts in consideration of assets and keeps the current asset limit of \$2,000 for an individual and \$4,000 for a couple. Resources exempted from inclusion in the asset limit are: medical savings accounts valued less than \$5,000 per year; independent living account annual deposits and earnings under \$5,000 per year; and retirement accounts.

FSD determined there would be 472 new MO HealthNet cases eligible for the MO HealthNet Ticket to Work Health Assurance program if the income and countable asset eligibility are changed as proposed.

The FSD arrived at 472 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 after deductions under 250% of FPL. The income was determined by deducting the first \$50,000 of the disabled worker's spouse's income, all Supplement 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.

ASSUMPTION (continued)

In SFY 2017, the FSD closed or rejected (due to excess resources over \$2,000 for an individual and \$4,000 for a couple, including retirement funds as countable assets) 155 MO HealthNet applications of employed individuals, age 16-64, claiming a disability. All of those **155** individuals had income after deductions (using parameters explained above) of less than 250% FPL. 137 of these individuals would be eligible for the Ticket to Work Health Assurance program at a non-premium level while 18 would be eligible at a premium level.

Total New Cases from Rejections:

137 (non-premium)
18 (premium)
155 Total

The FSD would also see an increase in eligibles from the QMB/SLMB population due to the change in countable assets. In SFY 2017, there was an average of 1,566 QMB persons. Of these, 74 individuals would be eligible for the Ticket to Work Health Assurance program. 74 of these individuals would be eligible at a non-premium level, while 0 would be eligible at a premium level.

Total New Cases from QMB:

74 (non-premium)
0 (premium)
74 Total

In SFY 2017, there was an average of 4,730 SLMB persons who would meet the current resource limits if the changes in countable assets are implemented. Of these, 243 would be eligible for the Ticket to Work Health Assurance program. 175 of these individuals would be eligible at a non-premium level, while 68 would be eligible at a premium level.

Total New Cases from SLMB:

175 (non-premium)
68 (premium)
243 Total

The FSD anticipates a potential increase in applications as a result of the change in types of countable resources 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.

ASSUMPTION (continued)

According to U.S. Census Bureau data, there are 4,184 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 that all 4,184 of these individuals have income between 0% and 100% of FPL, but none of them are married with a spouse present in the home. The countable assets of this population are unknown. Therefore, FSD is unable to determine the additional participants that could result from the unknown population.

Total New MO HealthNet Cases

155 (rejections/closures)
74 (QMB)
243 (SLMB)
472 New Cases Total
386 (non-premium)
86 (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 (OA), Information Technology Services Division (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.

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 8,296 eligibles who meet eligibility requirements to receive MO HealthNet benefits that also meet the new eligibility parameters described above. Out of the 8,286 eligibles, 2,130 are currently in the Ticket to Work program. That leaves 6,166 (8,296 – 2,130) eligibles who could switch to this new program. Out of the 6,166 eligibles, there are 4,607 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 **1,485** (6,166 – 4,607 – 74) eligibles that could switch.

ASSUMPTION (continued)

Out of the 1,485 eligibles, 692 qualify under the "non-premium" program will likely enroll in the modified Workers with Disabilities program because they don't currently meet spenddown; 243 non-premium will be added because they are only receiving limited medical benefits under Medicare now (SLMB and QI only; \$109,344 premium amounts no longer received); and 551 (217 non-premium and 334 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 551 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 (\$3,517,449) as MO HealthNet would now cover the costs of these services in lieu of the individual.** FSD also identified 472 (386 non-premium and 86 premium) newly eligible individuals that are not receiving MO HealthNet benefits.

An annual cost per person was calculated for the premium (\$24,209, rounded) and non-premium (\$33,812 rounded) eligibles using FY17 Ticket to Work expenditures.

The cost for new premium eligibles is \$11,886,646 ($\$24,209 \text{ rounded} * 491$).

There are 285 additional eligibles who would switch for a total cost of \$940,793. The 86 premium eligibles would have to pay a premium. MHD calculated a total savings of \$462,320 for these eligibles. The total cost for the premium group would be **\$12,719,496** ($\$11,886,646 + \$940,793 + \$463,722 - \$462,320 - \$109,344$).

The costs for new non-premium eligibles is \$30,971,947 ($\$33,812 \text{ rounded} * 916 \text{ eligibles}$). There are 217 eligibles who would switch for a total cost of \$187,262. The total cost for non-premium eligibles is **\$30,877,809** ($\$30,971,947 + \$187,262 - \$281,400$).

The total cost for the premium and non-premium groups is **\$43,597,305**. 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 19 cost, it is assumed there would only be 10 months of expenditures.

For FY 19, MHD further assumed that new eligibles would phase in, with 1/10 of the annual total adding to the program monthly. Beginning in FY 20, all eligibles are fully phased in.

A 3.8% inflation factor was used to calculate the total cost for FY 20 and beyond.

ASSUMPTION (continued)

Total costs are estimated to be:

FY 19 (10 months): \$20,512,879 (\$5,810,164 GR; \$1,512,723 Other; \$13,189,992 Federal)
FY 20: \$45,254,003 (\$12,694,766 GR; \$3,425,904 Other; \$29,133,322 Federal)
FY 21: \$46,973,655 (\$13,173,166 GR; \$3,556,088 Other; \$30,244,401 Federal)

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.

In response to the previous version of this proposal, officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** stated this bill renames the Ticket to Work Health Assurance Program (TWH) which is a functional program in FAMIS. The bill renames the TWH to the Mo HealthNet Buy-In for Workers with Disabilities program. This requires renaming all occurrences of the TWH 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 2019.

Oversight notes the Senate Substitute removes the language in the original bill that would have renamed the Ticket to Work Health Assurance program. As a result, Oversight assumes the OA, ITSD/DSS would not incur the IT consultant costs estimated in the original proposal. Oversight assumes the OA, ITSD/DSS may incur some costs to make system changes related to this proposal, but assumes those costs to be minimal and absorbable within current funding levels. However, if IT consultant costs are more substantial than anticipated, the OA, ITSD/DSS may request additional funds through the appropriations process.

ASSUMPTION (continued)

Officials from the **Department of Mental Health (DMH)** anticipates most Medicaid spenddown 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 Ticket to Work Health Assurance program either with a premium lower than their current spenddown or no premium. The anticipated impact to DMH is unknown greater than \$100,000. The additional cost for CPR, CSTAR, and DD services for the additional individuals changing from spenddown to the workers with disabilities program and those becoming eligible due to the elimination of the asset limit are included in the DSS fiscal note estimate for 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 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Costs - DSS (\$208.146)</u>			
Increase in state share of program costs	<u>(\$5,810,164)</u>	<u>(\$12,694,766)</u>	<u>(\$13,173,166)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$5,810,164)</u>	<u>(\$12,694,766)</u>	<u>(\$13,173,166)</u>
OTHER STATE FUNDS			
<u>Costs - DSS (\$208.146)</u>			
Increase in state share of program costs	<u>(\$1,512,723)</u>	<u>(\$3,425,904)</u>	<u>(\$3,556,088)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(\$1,512,723)</u>	<u>(\$3,425,904)</u>	<u>(\$3,556,088)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
FEDERAL FUNDS			
<u>Income</u> - DSS (§208.146)	\$13,189,992	\$29,133,332	\$30,244,401
Increase in program reimbursements			
<u>Costs</u> - DSS (§208.146)			
Increase in program expenditures	<u>(\$13,189,992)</u>	<u>(\$29,133,332)</u>	<u>(\$30,244,401)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2019 (10 Mo.)	 FY 2020	 FY 2021
	<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.

This act changes the program in the following ways: (1) excludes retirement accounts from asset limit 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 250% of the federal poverty level, with earned income of the disabled worker from 250 to 300% FPL disregarded and retaining the requirement that persons with incomes over 100% of the federal

FISCAL DESCRIPTION (continued)

poverty level pay a premium; (3) disregards the first \$50,000 of earned income of a spouse 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 for only personal care assistance services and nonemergency medical transportation; (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 28, 2019, has been changed to August 28, 2021.

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
 Administrative Hearing Commission
 Information Technology Services Division/DSS

Ross Strobe



Acting Director
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