

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5692-02
Bill No.: SB 910
Subject: Appropriations; Disabilities; Optometry; Physicians; Public Assistance; Social Services Department
Type: Original
Date: February 1, 2018

Bill Summary: This proposal modifies Blind Pension Fund eligibility and payment calculations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$497,693 to \$1,228,716	\$619,926 to \$1,530,489	\$643,483 to \$1,588,648
Total Estimated Net Effect on General Revenue	\$497,693 to \$1,228,716	\$619,926 to \$1,530,489	\$643,483 to \$1,588,648

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Blind Pension	\$2,568,100	\$3,081,720	\$3,081,720
Total Estimated Net Effect on Other State Funds	\$2,568,100	\$3,081,720	\$3,081,720

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 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

* Savings and losses could exceed \$2.8 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

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** and **MO HealthNet Division (MHD)** state Section 209.030 adds a provision excluding individuals who obtain, maintain or renew a valid driver's license unless they relinquish such license and who operate a motor vehicle from eligibility for Blind Pension (BP) benefits. It also adds a provision applying an income cap of 300% of the Federal Poverty Level (FPL) of a blind person's sighted spouse's income as it relates to family composition in the determination of eligibility. Section 209.040 adds clarifying language to define blindness as a program requirement for Supplemental Aid to the Blind (SAB) and BP benefits and allows the DSS to require any applicant or recipient to submit to a vision test or reexamination if there is reason to believe the individual is not eligible for the pension.

The **FSD** estimates that 357 individuals will lose SAB/BP eligibility if the provisions of this legislation are enacted. The FSD determined the number of individuals who could lose eligibility in the following manner:

In SFY 2017, there was an average of 2,874 BP recipients. Of those 2,874 recipients, 161 had a sighted spouse with income of 300% of FPL or higher. All 161 of these individuals would lose eligibility due to the application of an income test to a blind person's sighted spouses' income as a condition of eligibility.

At this time, it is unknown how many individuals could lose eligibility by adding more restrictive language allowing for FSD to seek visual reexamination, exclude individuals who obtain, maintain, or renew a driver's license, and who would not meet the clarified definition of blindness. FSD estimates that approximately 5% of the total SAB/BP population would lose eligibility by adding each provision of more restrictive language. Due to this, FSD is using 5% to the total to determine the individuals who will be affected.

In State Fiscal Year (SFY) 2017, there was an average of 3,925 BP and SAB recipients (2,874 BP+1,051 SAB). Using the 5% assumption from above, The FSD estimates that approximately 196 [(2,874 BP *0.05 = 143.7, rounded up) + (1,051 SAB * 0.05 = 52.55, rounded down) = 196 total] individuals would lose eligibility.

Total Estimated Reduction of Eligible Individuals:

161	Income of Sighted Spouse over 300%
<u>196</u>	Restrictive Language
357	Total BP and SAB recipients losing benefits

ASSUMPTION (continued)

BP savings due to income cap of sighted spouse and restrictive language

In SFY 18, BP cash payments are \$738 per month. The FSD is using this amount to calculate the cost savings due to the loss of eligibility from applying the income cap of 300% of FPL to individuals with sighted spouses and the addition of more restrictive language for eligibility for BP.

The total number who would lose eligibility due to application of the income cap is 161.

The FSD estimates that the **SFY 19** (September 2018 - June 2019) **savings will be \$1,188,180** ($\$738 * 161 * 10$ months) and a **full year** of savings is estimated at **\$1,425,816** ($\$738 * 161 * 12$) in BP cash benefits due to this change.

The total number of BP recipients who could potentially **lose eligibility due to the addition of restrictive language is 144**. The FSD estimates that the **SFY 19** (September 2018 - June 2019) **savings will be \$1,062,720** ($\$738 * 144 * 10$ months) and a **full year** of savings is estimated at **\$1,275,264** ($\$738 * 144 * 12$) in BP cash benefits.

SAB savings due to restrictive language

In SFY 18, the projected estimated average SAB cash payment is \$610 per month. The FSD is using this amount to calculate the cost savings due to the individuals losing SAB eligibility due to the addition of restrictive language. The **total number of SAB recipients who could potentially lose eligibility is 52**. The FSD estimates that the **SFY19** (September 2018 - June 2019) savings will be **\$317,200** ($\$610 * 52 * 10$ months), and a **full year** of savings is estimated at **\$380,640** ($\$610 * 52 * 12$) in SAB cash benefits.

Total estimated savings BP and SAB due to income limits and restrictive language

Estimated SFY 19 Savings (10 months):

BP: \$2,250,900 ($1,188,180 + 1,062,720$)

SAB: \$ 317,200

Total: \$2,568,100 in the Blind Pension Fund

Estimated 12 Month Savings:

BP: \$2,701,080 ($1,425,816 + 1,275,264$)

SAB: \$ 380,640

Total: \$3,081,720 in the Blind Pension Fund

ASSUMPTION (continued)

MHD would also see a savings in the Blind Medical program. It is estimated that from 161 to 357 individuals could lose SAB/BP eligibility if the provisions of this legislation are enacted.

In SFY 2017, there was an average of 2,874 Blind Pension recipients. Of those 2,874 recipients, 161 had a sighted spouse with income of 300% of FPL or higher. All 161 of these individuals would lose eligibility due to the application of an income test to a blind person's sighted spouses' income as a condition of eligibility.

At this time, it is unknown how many individuals could lose eligibility by adding more restrictive language allowing for FSD to seek visual reexamination, exclude individuals who obtain, maintain, or renew a driver's license, and who would not meet the clarified definition of blindness. FSD estimates that approximately 0-5% of the total SAB/BP population will lose eligibility by adding each provision of more restrictive language. Due to this, MHD is using 5% of the total to determine the individuals who will be affected.

In SFY 2017, there was an average of 3,925 BP and SAB recipients (2,874 BP+1,051 SAB). Using the 5% assumption from above, The FSD estimates that approximately 196 $[(2874*0.05 = 143.7, \text{ rounded up}) + (1051 *0.05 = 52.55, \text{ rounded down}) = 196 \text{ total}]$ individuals would lose eligibility.

Reduction of Eligible Individuals:

161 Income of Sighted Spouse over 300%

196 Restrictive Language

357 Total BP and SAB recipients losing benefits

Due to these individuals who could lose their eligibility by adding more restrictive language, MHD assumes there will be a range of possible savings. MHD used the number of individuals from each program (BP and SAB) that could be lost and took those numbers times the per member per month (PMPM) expenditure rate of each program to find the total savings.

Medical savings due to loss of benefits because of income cap of sighted spouse

For the individuals who could lose eligibility due to their sighted spouse having an income of 300% or above the federal poverty level, MHD took the total number of individuals times the PMPM expenditure rate of the Blind Pension times 12 months to equal a total of **\$1,716,331** in saving. (161 individuals * \$888.37 PMPM expenditure rate * 12 months = \$1,716,331)

ASSUMPTION (continued)

Medical savings due to restrictive language

For the individuals who could lose eligibility due to the other restrictive language, MHD used a **range from 0 to 5 percent** to calculate the total savings. Therefore, MHD took the total number of individuals from the **BP program** possibly affected (0 - 144) times the PMPM expenditure rate of the BP (\$888.37) times 12 (months) to equal a total of **\$0 - \$1,535,103**.

MHD also took the total number of individuals from the **SAB program** possibly affected (0 - 52) times the PMPM expenditure rate of the SAB (\$1,579.94) times 12 (months) to equal a total of **\$0 - \$985,883**.

The total costs savings of individuals who could lose eligibility due to other restrictive language would be a range of **\$0 - \$2,520,986** (1,535,103 + \$985,883).

MHD assumes a 3.8% inflation rate for FY20 and FY21. The grand total of savings MHD could see in medical savings from this bill:

FY19 (10 mo.) - Total: \$1,430,276 - \$3,531,097 (GR: \$497,693 - \$1,228,716; FF: \$932,583 - \$2,302,381);

FY20 - Total: \$1,781,551 - \$4,398,335 (GR: \$619,926 - \$1,530,489; FF: \$1,161,625 - \$2,867,846);

FY21 - Total: \$1,849,250 - \$4,565,472 (GR: \$643,483 - \$1,588,648; FF: \$1,205,767 - \$2,976,824).

The **Grand Total for the Department (Blind Pension and Blind Medical Savings)** is:

FY19 (10 mo.) - Total: \$3,998,376 - \$6,099,197 (GR: \$497,693 - \$1,228,716; FF: \$932,583 - \$2,302,381; Other Fund (BP Fund 621) \$2,568,100);

FY20 - Total: \$4,863,271 - \$7,480,055 (GR: \$619,926 - \$1,530,489; FF: \$1,161,625 - \$2,867,846; Other Fund (BP Fund 621) \$3,081,720);

FY21 - Total: \$4,930,970-\$7,647,192 (GR: \$643,483 - \$1,588,648; FF: \$1,205,767 - \$2,976,824; Other Fund (BP Fund 621) \$3,081,720).

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget & Planning (B&P)** state the proposal will have no fiscal impact on their organization. This bill modifies the Blind Pension benefit eligibility and payment calculation from the Blind Pension Fund which may result in General Revenue (GR) savings. B&P defers to the DSS for any specific statewide impact.

Officials from the **Department of Revenue** and the **Office of State Treasurer** 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>Savings - DSS (§209.030 & 208.040)</u>			
Reduction in state share of blind pension medical expenses	<u>\$497,693 to \$1,228,716</u>	<u>\$619,926 to \$1,530,489</u>	<u>\$643,483 to \$1,588,648</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$497,693 to \$1,228,716</u>	<u>\$619,926 to \$1,530,489</u>	<u>\$643,483 to \$1,588,648</u>
BLIND PENSION (#0621)			
<u>Savings - DSS (§209.030 & 208.040)</u>			
Reduction in blind pension expense	<u>\$2,568,100</u>	<u>\$3,081,720</u>	<u>\$3,081,720</u>
ESTIMATED NET EFFECT ON THE BLIND PENSION FUND	<u>\$2,568,100</u>	<u>\$3,081,720</u>	<u>\$3,081,720</u>
FEDERAL FUNDS			
<u>Savings - DSS (§209.030 & 208.040)</u>			
Reduction in of blind pension medical expenses	\$932,583 to \$2,302,381	\$1,161,625 to \$2,867,846	\$1,205,767 to \$2,976,824
<u>Losses - DSS (§209.030 & 208.040)</u>			
Reduction in reimbursements received for blind pension medical expenses	<u>(\$932,583 to \$2,302,381)</u>	<u>(\$1,161,625 to \$2,867,846)</u>	<u>(\$1,205,767 to \$2,976,824)</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

Under this act, a person who obtains, maintains, or renews a valid driver's license, who operates a motor vehicle, who is not blind, or who has violated a particular state law regarding the blind pension fund shall not be entitled to a blind pension. Additionally, a person whose sighted spouse's annual income equals or exceeds 300% of the federal poverty level shall not be eligible. The Department of Social Services may require any applicant for or recipient of the blind pension to submit to a vision test or reexamination if there is reason to believe the person is not eligible for the pension.

This act requires vision tests to determine eligibility for a blind pension to measure vision in both eyes. A person is "blind" for the purposes of qualifying for a pension if his or her vision cannot be corrected to better than five two-hundredths, in the better eye, or if his or her visual field is less than or equal to five degrees as tested with five millimeter target on perimeter in the better eye, for a period that lasted or is expected to last at least twelve months. The Department shall determine the appropriate vision test and may require a recipient to be retested in less than five years if the Department reasonable believes that the person's vision is not eligible for a pension. Additionally, the ophthalmologist, physician, or optometrist who conducted the vision test may indicate if retesting in less than five years is recommended.

Finally, this act requires the Department to submit to the General Assembly a projected estimate of the monthly pension payment for each upcoming fiscal year based on the Department's estimate of projected revenue from the blind pension tax levied, the projected balance in the Blind Pension Fund, the projected cash flow estimates to the Fund, and estimates of the number of eligible persons. The estimated change in the monthly payment for the upcoming fiscal year shall be calculated as one-twelfth of the quotient obtained by dividing seventy-five percent of the annual change in the amount of funds in the Fund for the preceding fiscal year by the projected number of eligible persons.

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 -
 Family Support Division
 MO HealthNet Division
Department of Revenue
Office of Administration -
 Division of Budget & Planning
Office of State Treasurer

Ross Strope



Acting Director
February 1, 2018