

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6161-03
Bill No.: Perfected HCS for HB Nos. 2280, 2120, 1468 & 1616
Subject: Medicaid/MO HealthNet; Health Care; Drugs and Controlled Substances
Type: #Updated
Date: April 16, 2018
 # Updated with revised responses from the Department of Social Services and the Department of Mental Health.

Bill Summary: This proposal expands MO HealthNet benefits for pregnant women to provide substance abuse treatment for up to one year after giving birth.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
#General Revenue	(\$1,691,219)	(\$4,498,589)	(\$4,685,406)
#Total Estimated Net Effect on General Revenue	(\$1,691,219)	(\$4,498,589)	(\$4,685,406)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
#Federal Reimbursement Allowance	(\$250,549)	(\$676,182)	(\$706,785)
#Pharmacy Rebates	(\$21,203)	(\$245,951)	(\$305,318)
#Total Estimated Net Effect on Other State Funds	(\$271,752)	(\$922,133)	(\$1,012,103)

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 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 expenses exceed \$8.4 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 Mental Health (DMH)** state the proposed legislation maintains pregnant women receiving substance abuse treatment within sixty days of giving birth shall be eligible for MO HealthNet benefits for no more than twelve additional months as long as the woman remains adherent with treatment. The DMH and the Department of Social Services (DSS) shall seek any necessary waiver from the Centers for Medicare and Medicaid Services and shall develop rules relating to treatment plan adherence. No later than fifteen months after receiving any necessary waiver, DMH and the DSS shall report to the House of Representatives Budget Committee and the Senate Appropriations Committee on the compliance with federal cost neutrality requirements. Currently all MO Health coverage, including substance use disorder treatment, ends for the woman on the last day of the month that is 60 days after the pregnancy ends.

#DMH officials state the Department of Social Services/MO HealthNet Division (DSS/MHD) estimates 114 women a month will qualify for MO HealthNet coverage of substance use disorder treatment under this legislation. The average cost for the DMH to provide substance use disorder (SUD) treatment is \$259.83 per month. The anticipated impact calculated by DSS for DMH is \$1,629,134 (\$566,890 GR and \$1,062,244 Federal) for FY19; \$4,396,707 (\$1,529,922 GR and \$2,866,785 Federal) for FY20 and \$4,595,697 (\$1,599,165 GR and \$2,996,532 Federal) for FY21. DMH agrees with the cost estimate provided by DSS. Some of the cost to DMH could be offset with existing funds.

#**Oversight** notes the number of women receiving SUD treatment will increase each month by 114 participants until the end of one year (114 X 12 months = 1,368 maximum participants; however, month 1 will have 114 participants; month 2 will have 228 participants; month 3 will have 342 participants and so on until the end of 12 months). At that time, the number of new participants entering the program each month will equal the number of participants losing eligibility.

#Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state the proposed legislation adds language that extends Substance Use Disorder (SUD) post-partum coverage from sixty days to one year including seeking a waiver from the Centers for Medicare and Medicaid Services (CMS) and specifies that the 12 months of MO HealthNet benefits are for women who remain adherent with treatment.

The Family Support Division (FSD) was provided the average monthly MO HealthNet for Pregnant Women (MPW) participants currently receiving SUD treatment within their 60 day post-partum period by the MHD Evidence Based Unit.

ASSUMPTION (continued)

#If the provisions of this bill are enacted, MHD estimates that, on a monthly basis, an average of 114 individuals would be eligible to receive MO HealthNet benefits for one year from their last day of pregnancy.

#MHD's Evidence Based Unit identified how many pregnant women were currently treated for Substance Use Disorder (SUD) and applied that percentage to the monthly births; therefore, approximately 114 additional women will be added each month who will receive SUD treatment for up to one year postpartum (1,368 participants). At the end of one year, the number of new women receiving services will equal the number of women no longer eligible for services under this proposal. The average per member per month (PMPM) payment for SUD participants is \$819. This PMPM was calculated using fee-for-service expenditure data and includes a SUD treatment cost. The total cost for this population is \$5,131,994 in year one (10 months).

#Of the \$819 PMPM for SUD participants \$259.83 is for SUD treatment cost. These costs would be in the Department of Mental Health (DMH) budget and are removed from the total cost for the MO HealthNet fiscal note. Therefore, the total cost that **DMH** would cover for this SUD treatment would be **\$1,629,134** in year one (10 months). Overall, the cost that **MHD** would incur in year one (10 months) for SUD treatment would be **\$3,502,860** (\$5,131,994 - \$1,629,134).

#A portion of these costs would be funded from the Federal Reimbursement Allowance (Fund: 0142 Approp: 1605) as well as the Rebate Fund (Fund: 0114).

A 3.8% inflation factor was added to the PMPM for the second and third year.

#The second year cost is estimated to be \$9,453,521 and the third year cost is estimated to be \$9,881,376.

If the proposed legislation passes, a waiver would be required to extend the current 60 day postpartum coverage for SUD treatment to one year.

#FY19 (10 mo.) Total: \$3,502,860 (GR \$1,124,329; FF \$2,106,779;
Other (FRA/Rebate) \$271,752);

#FY20 Total: \$9,453,521 (GR \$2,968,667; FF \$5,562,721; Other (FRA/Rebate) \$922,133);

#FY21 Total: \$9,881,376 (GR \$3,086,241; FF \$5,783,032; Other (FRA/Rebate) \$1,012,103).

#Officials from the **DSS**, **FSD** and the **Division of Legal Services** assume this section will not fiscally impact their divisions.

In response to the previous version of this proposal, officials from the **Department of Health and Senior Services** assumed the proposal would not fiscally impact their agency.

ASSUMPTION (continued)

House Amendment (HA) 1

Oversight notes that HA 1 amends section 208.151 by providing that pregnant women receiving substance abuse treatment within sixty days of giving birth shall be eligible for MO HealthNet benefits for no more than twelve additional months as long as the woman remains adherent with treatment. The DMH and DSS shall seek any necessary waiver from the Centers for Medicare and Medicaid Services (CMS) relating to treatment plan adherence. No later than fifteen months after receiving any necessary waiver, DMH and DSS shall report to the House of Representatives budget committee and Senate appropriations committee on the compliance with federal cost neutrality requirements.

Oversight assumes this amendment will not change the fiscal impact of the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
	(10 Mo.)		
GENERAL REVENUE FUND			
<u>#Costs - DSS (§208.151)</u>			
Postpartum care coverage through end of 12 months for SUD treatment	(\$1,124,329)	(\$2,968,667)	(\$3,086,241)
<u>#Costs - DMH (§208.151)</u>			
Increase in substance abuse disorder treatment for pregnant women through end of one year after birth	(\$566,890)	(\$1,529,922)	(\$1,599,165)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$1,691,219)</u>	<u>(\$4,498,589)</u>	<u>(\$4,685,406)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
FEDERAL REIMBURSEMENT ALLOWANCE FUND (#0142)			
<u>#Costs</u> - DSS (§208.151)			
Postpartum care coverage through end of 12 months for SUD treatment	<u>(\$250,549)</u>	<u>(\$676,182)</u>	<u>(\$706,785)</u>
ESTIMATED NET IMPACT ON THE FEDERAL REIMBURSEMENT ALLOWANCE FUND	<u>(\$250,549)</u>	<u>(\$676,182)</u>	<u>(\$706,785)</u>
#PHARMACY REBATES FUND (#0114)			
<u>#Costs</u> - DSS (§208.151)			
Postpartum care coverage through end of 12 months for SUD treatment	<u>(\$21,203)</u>	<u>(\$245,951)</u>	<u>(\$305,318)</u>
ESTIMATED NET EFFECT ON THE PHARMACY REBATES FUND	<u>(\$21,203)</u>	<u>(\$245,951)</u>	<u>(\$305,318)</u>
FEDERAL FUNDS			
<u>#Income</u> - DSS (§208.151)			
Increase in program reimbursements	\$2,106,779	\$5,562,721	\$5,783,032
<u>#Income</u> - DMH (§208.151)			
Increase in program reimbursements	<u>\$1,062,244</u>	<u>\$2,866,785</u>	<u>\$2,996,532</u>
Total <u>All Income</u>	<u>\$3,169,023</u>	<u>\$8,429,506</u>	<u>\$8,779,564</u>

<u>FISCAL IMPACT - State Government</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
	<u>(10 Mo.)</u>		
FEDERAL FUNDS (continued)			
<u>#Costs - DSS (§208.151)</u>			
Postpartum care coverage through end of 12 months	(\$2,106,779)	(\$5,562,721)	(\$5,783,032)
<u>#Costs - DMH (§208.151)</u>			
Increase in substance abuse disorder treatment for pregnant women through end of one year after birth	(\$1,062,244)	(\$2,866,785)	(\$2,996,532)
Total <u>All Costs</u>	<u>(\$3,169,023)</u>	<u>(\$8,429,506)</u>	<u>(\$8,779,564)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

This bill extends MO HealthNet benefits for pregnant women to receive substance abuse treatment, including opioid abuse treatment, for no more than twelve additional months as long as the woman remains adherent with treatment.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Health and Senior Services -
MO HealthNet Division
Department of Mental Health
Department of Social Services

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope". The signature is stylized with a large initial "R" and a long horizontal stroke extending to the right.

Acting Director
April 16, 2018