

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6161-05
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB Nos. 2280, 2120, 1468 & 1616
Subject: Medicaid/MO HealthNet; Health Care; Drugs and Controlled Substances
Type: Original
Date: May 31, 2018

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	(\$711,574)	(\$1,897,507)	(\$1,969,321)
Total Estimated Net Effect on General Revenue	(\$711,574)	(\$1,897,507)	(\$1,969,321)

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 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 \$3.5 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

§208.151 - Substance Use Disorder Treatment for Pregnant Women

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 HealthNet 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 FY19 budget includes \$1.4 million for substance abuse treatment for pregnant women. This legislation will allow for continuity of care for pregnant women seeking substance abuse treatment.

ASSUMPTION (continued)

Section 208.151.1 (20): Pregnant women receiving substance abuse treatment within sixty days of giving birth shall, subject to appropriations and any necessary federal approval, be eligible for Mo HealthNet benefits for substance abuse treatment *and mental health services for the treatment of substance abuse* for no more than twelve additional months, as long as the woman remains adherent with treatment.

MHD defers to DMH for any fiscal impact for costs associated with substance abuse treatment services.

MHD anticipates costs associated with Mental Health Services provided outside of DMH services.

MHD's Evidence Based Unit identified how many pregnant women were currently treated for Substance Use Disorder and applied that percentage to the monthly births; therefore, approximately 114 (participants per month will be added) will receive Substance Use Disorder (SUD) treatment.

The average per member per month (PMPM) payment for SUD participants for Mental Health Services is \$64.80.

FY19 total: \$406,296 (GR: \$141,379; Fed: \$264,917)
FY20 total: \$1,056,370 (GR: \$367,585; Fed: \$688,785)
FY21 total: \$1,063,757 (GR: \$370,156; Fed: \$693,601)

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

DSS officials provided the response for the **Office of Administration (OA), Information Technology Services Division (ITSD)**. ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. The current contract rate for IT consultants is \$75 per hour.

ITSD assumes modifications will need to be made to the current Missouri Eligibility Determination and Enrollment System (MEDES). One-time FY19 costs are estimated to be \$33,048 (GR \$3,305; Federal \$29,743).

Officials from the **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Costs - DSS (§208.151.1(20))</u>			
Additional mental health services for pregnant women through end of one year after birth	(\$141,379)	(\$367,585)	(\$370,156)
<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)
<u>Costs - OA, ITSD/DSS (§208.151)</u>			
System modifications	<u>(\$3,305)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$711,574)</u>	<u>(\$1,897,507)</u>	<u>(\$1,969,321)</u>
FEDERAL FUNDS			
<u>Income - DSS (§208.151.1(20))</u>			
Increase in program reimbursements	\$264,917	\$688,785	\$693,601
<u>Income - DMH (§208.151)</u>			
Increase in program reimbursements	\$1,062,244	\$2,866,785	\$2,996,532
<u>Income - OA, ITSD/DSS</u>			
Program reimbursements	<u>\$29,743</u>	<u>\$0</u>	<u>\$0</u>
Total <u>All Income</u>	<u>\$1,356,904</u>	<u>\$3,555,570</u>	<u>\$3,690,133</u>

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
FEDERAL FUNDS (continued)			
<u>Costs - DSS (§208.151.1(20))</u>			
Additional mental health services for pregnant women through end of one year after birth	(\$264,917)	(\$688,785)	(\$693,601)
<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)
<u>Costs - OA, ITSD/DSS</u>			
System modifications	(\$29,743)	<u>\$0</u>	<u>\$0</u>
<u>Total All Costs</u>	<u>(\$1,356,904)</u>	<u>(\$3,555,570)</u>	<u>(\$3,690,133)</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

This bill extends MO HealthNet benefits for pregnant women to receive substance abuse treatment and mental health services for the treatment of substance abuse for no more than twelve additional months as long as the woman remains adherent with treatment. Funding is

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FISCAL DESCRIPTION (continued)

subject to appropriations and necessary federal approval. Departments are to seek necessary waivers and/or state plan amendments.

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 Mental Health

Department of Social Services -

MO HealthNet Division

Family Support Division

Division of Legal Services

Department of Health and Senior Services

Office of Administration -

Information Technology Services Division/DSS

Ross Strobe



Acting Director

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