

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3899-01
Bill No.: SB 629
Subject: Disabilities; Health Care; Insurance - Medical; Medicaid; Public Assistance;
Department of Social Services
Type: Original
Date: February 25, 2020

Bill Summary: This proposal modifies the Ticket to Work Health Assurance Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$684,662)	(\$797,260)	(\$831,132)
Total Estimated Net Effect on General Revenue	(\$684,662)	(\$797,260)	(\$831,132)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$1 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.146 - Changes Ticket to Work Health Assurance (TWH) provisions

Officials from the **Department of Social Services (DSS)**, **Family Support Division (FSD)** and **MO HealthNet Division (MHD)** state as follows:

FSD determined there would be 9,722 individuals eligible for this program already receiving some type of MO HealthNet benefits. FSD determined these individuals by identifying the current population who meet the new eligibility parameters described above. This population includes: the 2,664 current Ticket to Work Health Assurance (TWH) program eligibles; 6,653 individuals receiving other MO HealthNet benefits and 405 receiving Qualified Medicaid Beneficiary/Specified Low-Income Medicare Beneficiary (QMB/SLMB) only. Because these QMB/SLMB only cases do not currently receive full MO HealthNet benefits, any new cases resulting from that population are included in the calculation of new eligibles.

The FSD determined there will be 473 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 473 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 the Federal Poverty Level (FPL). The income was determined by deducting the first \$50,000 of the disabled worker's spouse's income, all 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.

In SFY 2019, the FSD closed or rejected (due to excess resources over \$3,000 for an individual and \$6,000 for a couple, including retirement funds as countable assets) 250 MO HealthNet applications of employed individuals, age 16 - 64, claiming a disability. Of those, 50 individuals had income after deductions (using the parameters explained above) of less than 250% FPL. Fifty-nine (59) of these individuals would be eligible for the Ticket to Work Health Assurance program at a non-premium level while 9 would be eligible at a premium level.

ASSUMPTION (continued)

Total New Cases from Rejections:

59 (non-premium)

9 (premium)

68 Subtotal

The FSD would also see an increase in eligibles from the QMB/SLMB population due to the change in countable assets. In SFY 2019, there was an average of 1,506 QMB persons. Of these, 105 individuals would be eligible for the Ticket to Work Health Assurance program. One hundred three (103) of these individuals would be eligible at a non-premium level, while 2 would be eligible at a premium level.

105 (QMB)

300 (SLMB)

405 New Cases Subtotal

QMB:

103 (non-premium)

2 (premium)

105 Total

In SFY 2019, there was an average of 4,897 SLMB persons who would meet the current resource limits if the changes in countable assets are implemented. Of these, 300 would be eligible for the Ticket to Work Health Assurance program. Two hundred two (202) of these individuals would be eligible at a non-premium level, while 98 would be eligible at a premium level.

Total New Cases from SLMB:

202 (non-premium)

98 (premium)

300 Total Total New Cases from rejections/closures)

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 countable resource inclusions and/or income guidelines.

ASSUMPTION (continued)

According to U.S. Census Bureau data, there are 3,801 Missouri individuals age 19-64, who are uninsured/not on MO HealthNet, who claim a health problem limiting work, who are employed, have income between 101% - 200% FPL, but are not married. The countable assets of this population are unknown. Therefore, the FSD is unable to determine the additional participants that could result from the unknown population. Total New MO HealthNet Cases:

68 (rejections/closures)
105 (QMB)
300 (SLMB)
473 New Cases Total

The FSD assumes existing staff will be able to complete necessary additional work as a result of this proposal.

The FSD assumes OA-ITSD will include the 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.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the no fiscal impact assumed by FSD for fiscal note purposes.

Officials from the **DSS, MO HealthNet Division (MHD)** state 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 9,722 eligibles who meet eligibility requirements to receive MO HealthNet benefits that also meet the new eligibility parameters described above. Out of the 9,722 eligibles, 2,664 are currently in the Ticket to Work program. That leaves 7,058 (9,722 - 2,664) eligibles who could switch to this new program. Out of the 7,058 eligibles, there are 5,371 that would not switch (i.e. no regular source of earned income, already receive full medical coverage, etc.). In addition, there are 105 individuals that currently receive full MO HealthNet benefits as dual eligibles (QMB only) that would not switch. That leaves **1,582** (7,058 - 5,371 - 105) eligibles that could switch.

ASSUMPTION (continued)

Out of the 1,582 eligibles, 711 qualify under the "non-premium" and will likely enroll in the modified Ticket to Work program because they don't currently meet spend down; 300 non-premium will be added because they are only receiving limited medical benefits under Medicare now (SLMB and Qualifying Individuals (QI) only); and 571 (199 non-premium and 372 premium) who currently meet spend down. MHD assumes all individuals who currently meet spend down that qualify for the non-premium program (0-100%) would switch over to avoid paying a spend down. MHD further assumes those that currently meet spend down and qualify for the premium program would likely switch because paying the annual premium (4-6% of income) would be more affordable than meeting spend down. However, the 571 individuals who meet spend down receive full Medicaid coverage now. **Therefore, the only costs MHD includes in this estimate for this group are their spend down amounts as MO HealthNet would now cover the costs of these services in lieu of the individual.**

FSD also identified 473 (364 non-premium and 109 premium) newly eligible individuals that are not receiving MO HealthNet benefits. Of those 473 individuals, 300 have already been identified as SLMB and QI individuals and 105 are QMB individuals that currently receive full MO HealthNet benefits as dual eligibles who wouldn't switch, which leaves 68 (9 premium and 59 non-premium) individuals who are not receiving MO HealthNet benefits. Due to this legislation, there are also 1,011 (553 non-premium and 458 premium) participants that will switch because they do not meet the spend down now, or will add the Ticket to Work program because they are getting limited Medicare now. This brings a grand total of 1,079 [612 = (59 + 553) non-premium, and 467 = (9 + 458) premium] participants who could be added.

An annual average cost per person was calculated for the premium for personal care services (\$1,174.32) and non-emergency medical transportation (NEMT) (\$297.60) using FY 2019 Ticket to Work expenditures. Also, an annual cost per person was calculated for the non-premium for personal care services (\$603.39) eligibles using FY 2019 Ticket to Work expenditures.

The cost for new premium eligibles is \$687,386.92 [(\$1,174 personal care + \$297.60 NEMT = \$1,471.92) * 467 new premium participants added].

There are 314 additional eligibles who would switch from Spend Down to TWHA coverage for a total cost of \$1,075,790. The 58 premium eligibles would have to pay a premium. MHD calculated a total savings of \$541,223 from premium payments. The total cost for the premium group would be \$1,615,931.

ASSUMPTION (continued)

\$687,387	Cost for new premium eligibles
+ \$1,075,790	Spend Down eligibles from TWHHA population
+ \$564,027	Other Spend Down eligibles
- \$541,223	Premium collections
- \$170,050	<u>SLMB and QI savings</u>
\$1,615,931	Total cost for premium group

The costs for new non-premium eligibles is \$369,276.09 (\$603.39 average cost * 612 possible non-premium participants added). There are 199 spenddown eligibles who would switch for a total cost of \$177,702. The total cost for non-premium eligibles is **\$196,468**.

\$369,276	Cost for new non-premium eligibles
+ \$177,702	Spend Down eligibles
- \$97,171	SLMB
- \$253,339	<u>QI savings</u>
\$196,468	Total cost for non-premium group

The total cost for the premium and non-premium groups is **\$1,812,399 (\$1,615,931 premium + \$196,468 non-premium)**. This estimate includes costs for services provided by the Department of Health and Senior Services. MHD assumed a portion of these costs would be funded through other funding sources. To calculate the FY 21 cost, it is assumed there would only be 10 months of expenditures.

The proposed legislation is only including services for Personal Care and NEMT. If the proposed legislation passes, a waiver would need to be required to only have these services be covered.

Also, an update to the Medicaid Management Information System (MMIS) system would be needed due to limiting these individuals to only include Personal Care and NEMT services. An estimated cost for this update would be \$126,000 (\$63,000 GR; \$63,000 Federal), split 50% GR; 50% Federal.

For FY 21, MHD further assumed new eligibles would phase in, with 1/10 of the annual total adding to the program monthly. Beginning in FY 22, all eligibles are fully phased in.

For **new** non premium members, the annual total number of participants is estimated to be phased in at the end of ten month is 917. With phase in at 1/10 of this total per month ($917 * 1/10 = 91.7$ individuals), MHD expects a cumulative effect of all new non premium participants phased in (91.7 in month 1; 183.4 in month 2; etc.) by the close of FY 21 for a cost of \$253,601.

ASSUMPTION (continued)

Total cost for the non premium group in FY 21 is estimated to be \$241,035:

$$\begin{aligned} & \$148,085 = (\$177,702/12) * 10 \text{ (Spend Down eligibles from TWHA)} \\ & + \$253,601 \text{ (New non premium eligibles)} \\ & - \underline{\$160,651 \text{ (Cumulative Medicare premium payments for new non premium eligibles)}} \\ & \$241,035 \text{ total costs for non-premium eligibles in FY 21} \end{aligned}$$

For **new** premium members, the annual total number of participants is estimated to be phased in at the end of ten month is 567. With phase in at 1/10 of this total per month ($567 * 1/10 = 56.7$ individuals), MHD expects a cumulative effect of all premium participants phased in (56.7 in month 1; 113.4 in month 2; etc.) by the close of FY 21 for a cost of \$305,176.

$$\begin{aligned} & \$896,491 = (\$1,075,790/12) * 10 \text{ (Spend Down eligibles from TWHA population)} \\ & + \$470,022 = (\$564,027/12) * 10 \text{ (Other Spend Down eligibles)} \\ & - \$159,248 = (\$191,097/12) * 10 \text{ (Loss in premium collections from current eligibles)} \\ & + \$305,176 \text{ (Cumulative cost for new premium eligibles)} \\ & - \$77,939 \text{ (Cumulative Medicare premium payments for new premium eligibles)} \\ & - \underline{\$160,495 \text{ (Total estimated premium collections)}} \\ & \$1,274,008 \text{ total costs for non-premium eligibles in FY 21} \end{aligned}$$

The total cost of the new program eligibles in FY 21 is estimated at \$1,641,043 (\$1,515,043 cost for new eligibles and \$126,000 for MMIS updates).

A 5.1% inflation factor was used to calculate the total cost for FY 22 and beyond. Until the FY21 budget is finalized, specific funding sources cannot be identified.

The total costs for this legislation are:

SFY 21 (10 months):	Total: \$1,641,043 (\$674,439 GR; \$966,604 Federal)
SFY 22:	Total: \$1,904,831 (\$797,260 GR; \$1,107,571 Federal)
SFY 23:	Total: \$2,001,977 (\$831,132 GR; \$1,170,845 Federal)

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by DSS for fiscal note purposes.

DSS officials provided the response from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS**. Officials from OA, ITSD/DSS state the bill has two components associated with it involving eligibility determination changes and reporting requirements impacting the Family Assistance Management Information System (FAMIS) application.

ASSUMPTION (continued)

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at \$95/hour. It is assumed FAMIS modifications will require 203.04 hours for a cost of \$19,289 (203.04 * \$95), split 53% GR; 47% Federal.

Therefore, total one-time FAMIS system upgrades will cost \$19,289 (\$10,223 GR; \$9,066 Federal) in FY 21 exclusively.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS for fiscal note purposes.

Oversight notes the **Office of Administration, Division of Budget and Planning** has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this organization.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE FUND			
<u>Costs - DSS (§208.146) pp. 6-8</u>			
Increase in state share of program costs	(\$611,439)	(\$797,260)	(\$831,132)
<u>Costs - DSS/MHD (§208.146) p. 7</u>			
MMIS system updates	(\$63,000)	\$0	\$0
<u>Costs - OA, ITSD/DSS (§208.146) pp. 8-9</u>			
FAMIS system updates	<u>(\$10,223)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$684,662)</u>	<u>(\$797,260)</u>	<u>(\$831,132)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
FEDERAL FUNDS			
<u>Income</u> - DSS (§208.146) pp. 6-8			
Increase in program reimbursements	\$903,604	\$1,107,571	\$1,170,845
<u>Income</u> - DSS/MHD (§208.146) p. 7			
MMIS system update reimbursements	\$63,000	\$0	\$0
<u>Income</u> - OA, ITSD/DSS (§208.146) pp. 8-9			
FAMIS system update reimbursements	<u>\$9,066</u>	<u>\$0</u>	<u>\$0</u>
<u>Costs</u> - DSS (§208.146) pp. 6-8			
Increase in program expenditures	(\$903,604)	(\$1,107,571)	(\$1,170,845)
<u>Costs</u> - DSS/MHD (§208.146) p. 7			
MMIS system update expenditures	(\$63,000)	\$0	\$0
<u>Costs</u> - OA, ITSD/DSS (§208.146) p. 8			
FAMIS system update expenditures	<u>(\$9,066)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<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 act changes the Ticket to Work Health Assurance 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% FPL, with earned income of the disabled worker from 250 to 300% FPL disregarded, and retaining the requirement that persons with incomes over 100% FPL pay a premium; (3) removes all earned income of the disabled worker from the list of disregards in income determinations; (4) adds to the list of disregards the first \$50,000 of earned income of a spouse; (5) 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 non-emergency medical transportation; and (6) the Department shall provide an annual report to the General Assembly concerning the number of participants and outreach and education efforts (§208.146).

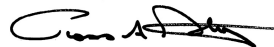
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Office of Administration - Budget and Planning



Julie Morff
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February 25, 2020



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February 25, 2020