

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2803S.01I  
Bill No.: SB 607  
Subject: Disabilities; Health Care; Insurance - Medical; Medicaid; Public Assistance;  
Social Services, Department of  
Type: Original  
Date: April 6, 2021

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$819,590)	(\$893,045)	(\$920,806)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$819,590)</b>	<b>(\$893,045)</b>	<b>(\$920,806)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Federal Funds*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.146 – Changes to the Ticket to Work Health Assurance program

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** state §208.146 changes the income disregards and countable assets of the current Ticket to Work Health Assurance (TWH) 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 the 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 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 the consideration of assets and keeps the current asset limit of \$5,000 for an individual and \$10,000 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 10,502 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 2,513 current TWH program eligibles, 7,544 individuals receiving other MO HealthNet benefits and 445 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.

FSD determined there will be 504 new MO HealthNet cases eligible for the MO HealthNet TWH program if the income and countable asset eligibilities are changed as proposed.

FSD arrived at 504 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 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 FY 20, FSD closed or rejected (due to excess resources over \$5,000 for an individual and \$10,000 for a couple, including retirement funds as countable assets) 321 MO HealthNet for Aged, Blind and Disabled (MHABD) applications of employed individuals, age 16 – 64, claiming a disability. Of those, 59 individuals had income after deductions (using the parameters explained above) of less than 250% FPL. 51 of these individuals would be eligible for the Ticket to Work Health Assurance program at a non-premium level while 8 would be eligible at a premium level.

Total New Cases from MHABD Rejections:

51 (non-premium)

8 (premium)

**59 Total**

FSD would also see an increase in eligibles from the QMB/SLMB population due to the change in countable assets. In FY 2020, there was an average of 1,773 QMB persons. Of these, 121 individuals would be eligible for the Ticket to Work Health Assurance program. 119 of these individuals would be eligible at a non-premium level, while 2 would be eligible at a premium level.

Total New Cases from QMB:

119 (non-premium)

2 (premium)

**121 Total**

In FY 20, there was an average of 5,021 SLMB persons who would meet the current resource limits if the changes in countable assets are implemented. Of these, 324 would be eligible for the Ticket to Work Health Assurance program. 216 of these individuals would be eligible at a non-premium level, while 108 would be eligible at a premium level.

Total New Cases from SLMB:

216 (non-premium)

108 (premium)

**324 Total**

Total New Cases from QMB and SLMB:

121 (QMB)

324 (SLMB)

**445 New Cases Total**

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.

FSD previously reported the number of Missouri individuals age 19-64, who are uninsured/not on MHN, who claim a health problem limiting work, who are employed, have income between 101% - 200% FPL, but are not married. According to the most recent U.S. Census Bureau data, there are zero individuals in this population.

Total New MO HealthNet Cases:

59 (MHABD rejections/closures)

121 (QMB)

324 (SLMB)

**504 New Cases Total**

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

FSD assumes the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS 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.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for FSD.

Officials from the **DSS, MO HealthNet Division (MHD)** state FSD provided MHD with data on eligibles who would qualify for the TWA program provisions 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 10,502 eligibles who meet eligibility requirements to receive MO HealthNet benefits that also meet the new eligibility parameters described above. Out of the 10,502 eligibles, 2,513 are currently in the TWA program. That leaves 7,989 (10,502 – 2,513) eligibles who could switch to this new program. Out of those 7,989 eligibles, there are 6,339 that would not switch (i.e. no regular source of earned income, already receive full medical coverage, etc.). In addition, there are 122 individuals that currently receive full MO HealthNet benefits as dual eligibles (QMB only) that would not switch. That leaves 1,528 (7,989 – 6,339 – 122) eligibles that could switch.

Out of the 1,528 eligibles, 405 qualify under the "non-premium" will likely enroll in the modified TWA program because they don't currently meet spenddown; 325 non-premium will be added because they are only receiving limited medical benefits under Medicare now (SLMB and (Qualifying Individuals (QI) only); and 802 (317 non-premium and 485 premium) who

currently meet spenddown. MHD assumes 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 802 individuals who meet spenddown 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 504 (386 non-premium and 118 premium) newly eligible individuals that are not receiving MO HealthNet benefits. Of those 504 individuals, 324 have already been identified as SLMB and QI individuals and 121 are QMB individuals that currently receive full MO HealthNet benefits as dual eligibles that wouldn't switch, which leaves 59 individuals that are not receiving MO HealthNet benefits. Due to provisions in this legislation, there are also 731 (418 non-premium and 313 premium) participants that will switch because they do not meet their spenddown now, or will add the TWHHA coverage because they are getting limited Medicare now. This brings a grand total of 790 [469 = (51+418) non-premium, and 321 = (8+313) premium] participants that could be added.

An annual cost per person was calculated for the premium for personal care services (\$1,096) and nonemergency medical transportation (NEMT) (\$314) using FY 20 Ticket to Work expenditures. Also, an annual cost per person was calculated for the non-premium for personal care services (\$644) eligibles using FY 20 Ticket to Work expenditures.

The cost for new premium eligibles is \$452,670 [(personal care plus NEMT average cost) \* 321 possible premium participants added].

There are 485 additional eligibles who would switch from Spend Down to TWHHA coverage for a total cost of \$2,152,934. The 78 premium eligibles would have to pay a premium. MHD calculated a total savings of \$746,431 from premium payments and QI/SLMB savings. The total cost for the premium group would be \$1,859,173.

\$452,670	Cost for new premium eligibles
+ \$2,152,934	Spend Down eligibles from TWHHA population
- \$553,975	Premium collections
- <u>\$192,456</u>	<u>QI/SLMB savings</u>
<b>\$1,859,173</b>	<b>Total cost for premium group</b>

The costs for new non-premium eligibles is \$301,841 (average cost \* 469 possible non-premium participants added). There are 317 spenddown eligibles who would switch for a total cost of \$283,074. The total cost for non-premium eligibles is **\$200,003**.

\$301,841	Cost for new non-premium eligibles
+ \$283,074	Spend Down eligibles

- \$124,740 SLMB  
 - \$260,172 QI savings  
**\$200,003 Total cost for non-premium group**

The total cost for the premium and non-premium groups is **\$2,059,175.97** (\$1,859,173 premium + **\$200,003** non-premium). This estimate includes costs for services provided by Department of Health and Senior Services. MHD assumed a portion of these costs would be funded through other funding sources. To calculate the FY 22 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 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.

For FY 22, MHD further assumed new eligibles would **phase in**, with 1/10 of the annual total adding to the program monthly. Beginning in FY 23, 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 months is 804. With phase in at 1/10 of this total per month ( $804 * 1/10 = 80.4$  individuals), MHD expects a cumulative effect of all new non premium participants phased in (80.4 in month 1; 160.8 in month 2; etc.) by the close of FY 22 for a cost of \$237,161.

Total cost for the non-premium group in FY 22 is estimated to be \$296,638:

\$235,895 =  $(\$283,074/12) * 10$  (Spend Down eligibles from TWAH)  
 + \$237,161 (New non premium eligibles)  
 - \$176,418 (Cumulative Medicare premium payments for new non premium eligibles)  
**\$296,638 Total costs for non-premium eligibles in FY 22**

For **new** premium members, the annual total number of participants is estimated to be phased in at the end of ten month is 431. With phase in at 1/10 of this total per month ( $431 * 1/10 = 43.1$  individuals), MHD expects a cumulative effect of all premium participants phased in (43.1 in month 1; 86.2 in month 2; etc.) by the close of FY 22 for a cost of \$216,473.

\$1,162,013 =  $(\$1,394,415/12) * 10$  (Spend Down eligibles from TWAH population)  
 + \$615,891 =  $(\$739,070/12) * 10$  (Other Spend Down eligibles)  
 - \$215,644 =  $(\$258,773/12) * 10$  (Loss in premium collections from current eligibles)  
 + \$216,473 (Cumulative cost for new premium eligibles)  
 - \$88,209 (Cumulative Medicare premium payments for new premium eligibles)  
 - \$135,322 (Total estimated premium collections)  
**\$1,555,202 Total costs for premium eligibles in FY 22**

The total cost of the new program eligibles in FY 22 is estimated at \$1,977,839 (\$1,851,840 cost for new eligibles and \$126,000 for MMIS updates).

A 3.7% inflation factor was used to calculate the total cost for FY 23 and beyond. Until the FY 22 budget is finalized, specific funding sources cannot be identified.

The total costs including MMIS changes for this legislation are:

FY 22 (10 months):	Total: \$1,977,839 (\$804,610 GR; \$1,173,230 Federal)
FY 23:	Total: \$2,135,365 (\$889,974 GR; \$1,245,392 Federal)
FY 24:	Total: \$2,214,374 (\$917,658 GR; \$1,296,716 Federal)

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by MHD.

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 will require changes to eligibility determinations, table values and reporting requirements, impacting the Family Assistance Management Information System (FAMIS) application.

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 315.36 hours for a cost of \$29,960 (315.36 \* \$95), split 50% GR; 50% Federal. Ongoing support and maintenance costs are estimated at \$6,142 in FY 23 and \$6,296 in FY 24; split 50% GR; 50% Federal.

**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 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - DSS (§208.146) Increase in state share of program costs pp. 6-8	(\$741,610)	(\$889,974)	(\$917,658)
<u>Costs</u> - DSS/MHD (§208.146) MMIS system updates p. 8	(\$63,000)	\$0	\$0
<u>Costs</u> - OA, ITSD/DSS (§208.146) FAMIS system updates p. 8	(\$14,980)	(\$3,071)	(\$3,148)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$819,590)</u></b>	<b><u>(\$893,045)</u></b>	<b><u>(\$920,806)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income</u> - DSS (§208.146) Increase in program reimbursements pp. 6-8	\$1,110,230	\$1,245,392	\$1,296,716
<u>Income</u> - DSS/MHD (§208.146) MMIS system update reimbursements p. 8	\$63,000	\$0	\$0
<u>Income</u> - OA, ITSD/DSS (§208.146) FAMIS system update reimbursements p. 8	\$14,980	\$3,071	\$3,148
<u>Costs</u> - DSS (§208.146) Increase in program expenditures pp. 6-8	(\$1,110,230)	(\$1,245,392)	(\$1,296,716)
<u>Costs</u> - DSS/MHD (§208.146) MMIS system update expenditures p. 8	(\$63,000)	\$0	\$0
<u>Costs</u> - OA, ITSD/DSS (§208.146) FAMIS system update expenditures p. 8	(\$14,980)	(\$3,071)	(\$3,148)
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<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.

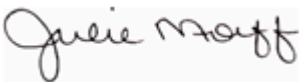
FISCAL DESCRIPTION

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).

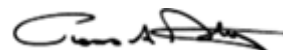
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services  
Office of Administration - Budget and Planning



Julie Morff  
Director  
April 6, 2021



Ross Strobe  
Assistant Director  
April 6, 2021