COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3979S.01I
Bill No.: SB 935
Subject: Children and Minors; Health Care; Medicaid/MO HealthNet; Public Assistance; Social Services, Department of
Type: Original
Date: December 29, 2021

Bill Summary: This proposal modifies provisions relating to MO HealthNet eligibility.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	($3,867,568 to $8,993,298)	($4,664,152 to $26,082,380)	($4,668,754 to $26,636,167)
Total Estimated Net Effect on General Revenue	**($3,867,568 to $8,993,298)**	**($4,664,152 to $26,082,380)**	**($4,668,754 to $26,636,167)**

*Range is based on estimates of low to high program distributions due to waiver approvals and participation months.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Federal*	$0	$0	$0
Total Estimated Net Effect on <u>All</u> Federal Funds	**$0**	**$0**	**$0**

* Income and expenditures range from $9 million to $50 million annually and net to $0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

§208.151 - Provides for child enrolled for 12 months unless moved out of state or aged out

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state this legislation revises Chapter 208, RSMo, by adding one new section that states a child determined eligible for MO HealthNet (MHN) benefits and shall remain eligible for twelve months subsequent to the last day of the month in which the child enrolled. A child is no longer eligible and disenrolled from MO HealthNet when the State is notified, or becomes aware, that the child is no longer in Missouri or has reached nineteen years of age.

There will be no fiscal impact to Managed Care operations.

The **DSS, Family Support Division (FSD)** estimated that there would be approximately 120,417 children under 19 who would be eligible under this legislation annually. FSD further estimated 101,150 (120,417 * 0.84) of them who are already receiving MO HealthNet for 12 continuous months would not be impacted by this bill. Therefore, FSD estimates 19,267 (120,417 * 0.16) children under the age of 19 will now be continuously eligible.

Oversight notes the estimate of 19,267 provided by FSD is the number used in legislation from the previous session (HB 42). In discussions with DSS, Oversight learned FSD is using this number again this year because this is the best estimate available due to the Families First Coronavirus provisions.

In response to HB 42 (2021), **FSD** stated they arrived at 19,267 children under 19 years of age in this manner:

Due to the Families First Coronavirus Response Act (HR 6201, Section 6008), MO HealthNet coverage was maintained at the same benefit level for all cases as of March 18, 2020 and coverage was only closed for voluntary requests, deceased participants, participants moving out of the state, or aging out of Children's Health Insurance Program (CHIP) under Title XXI. The annual review process required in 42 CFR 435.916 and §208.147, is temporarily waived while operating under the provisions of HR 6201, Section 6008. The number of MHN cases with children under 19 years of age may be higher than the normal average as this resulted in limited closings after March 18, 2020. In addition, system limitations prevented FSD from identifying the population whose case would have closed due to the provisions in 42 CFR 435.926 prior to July 2019. Therefore, FSD used data from July 2019 – October 2019 (4 months of data) to determine this information.

FSD determined between July 2019 - October 2019, 88,219 children under the age of 19 lost MO HealthNet eligibility. Of those 88,219 children under the age of 19, there were 40,575 who lost eligibility at the time of their annual renewal after receiving MO HealthNet continuously for 12 months. Another 7,505 children closed for reasons outlined in 42 CFR 435.926. Therefore, 40,139 (88,219 – (40,575-7,505)) of the 88,219 children who lost eligibility for MO HealthNet in July 2019 – October 2019 lost eligibility for other changes in circumstances that would not result in the loss of eligibility per 42 CFR 435.926. FSD estimates 120,417 (40,139 * 3) children under the age of 19 years of age will remain continuously eligible for 12 months per year. FSD then evaluated all children under the age of 19 that applied and were approved in October 2018 to determine if they remained eligible at the end of September 2019 to determine how many of the 120,417 children under the age of 19 are currently receiving at least 12 months of continuous eligibility. FSD determined that of the 2,926 approvals, 2,454 individuals remained eligible through the end of September 2019. Therefore, FSD estimates an average of 84% (2,454 / 2,926 = 84%) of children under the age of 19 are already receiving continuous eligibility and 16% would begin receiving 12 months of continuous eligibility. 101,150 (120,417 * 0.84) children under the age of 19 who are already receiving MO HealthNet for 12 continuous months would not be impacted by this bill. Therefore, FSD estimates 19,267 (120,417 * 0.16) children under the age of 19 will now be continuously eligible.

There is no fiscal impact to FSD.

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

MHD took the total number of child under 19 who would still be eligible and divided it by twelve to find a monthly amount to be equal to 10,035 (120,417/12). Based on previous data, MHD assumes approximately 84% of this population would not be affected because they have already been enrolled for longer than twelve months. This would make the new total 1,606 eligible (10,035 * 16%). The MHD also assumes that approximately 10% of this population would qualify for a Third Party Liability (TPL), and therefore, would not qualify for any additional coverage. This would make the final total eligible for each month to be 1,445 (1,606 * 90%).

There will be increased capitated rates paid assuming all of these children will be in Managed Care. Also, there would be increased expenditures for all carved out services in the Fee For Service (FFS) population. MHD found that a per-member-per month (PMPM) rate to be $372.04, for FY 2021, for children under 19. The MHD found that length of time that each of these children that were enrolled with MHD greatly varied depending on each individual's situation. Therefore, the MHD used a range from two (2) additional months up to twelve (12) months to find the total cost of this legislation. The MHD then ramped up the total population in the first year, assuming that it would take a year to reach the annual population that this legislation affects. These costs would include MHD related expenditures for DMH and DHSS.

FY 2023 (10 months): Total: $9,139,111 to $24,191,766 (GR: $3,112,050 to $8,237,780; Federal: $6,027,061 to $15,953,986)
FY 2024: Total: $12,902,275 to $75,800,866 (GR: $4,393,483 to $25,811,711; Federal: $8,508,792 to $49,989,155)
FY 2025: Total: $12,902,275 to $77,413,650 (GR: $4,393,483 to $26,360,896; Federal: $8,508,792 to $51,052,754)

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

Officials from the Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state updates to the Family Assistance Management Information Systems (FAMIS), Family and Children Electronic System (FACES) and Missouri Eligibility Determination and Enrollment System (MEDES) would be required.

FAMIS already has functionality in place to cover a scenario when a participant less than nineteen years of age either moves out of state or when a participant reaches nineteen years of age.

At present, FAMIS does not have functionality that keeps participant benefits open for an additional twelve months as mentioned in this proposal. Therefore, eligibility determination changes as well as changes in the process used to pass benefit information to the MO HealthNet Division (MHD) will be required. OA, ITSD/DSS also anticipates additional new language to be included in some of the existing Forms and Notices generated in FAMIS.

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 the necessary modifications will require 388.8 hours for a cost of $36,936 (388.8 * $95), split 50% GR; 50% Federal.

FACES will require modification of existing modules to account for changes in eligibility rules for children who have left foster care.

IT contract rates for FACES are estimated at $95/hour. It is assumed the necessary modifications will require 587.52 hours for a cost of $55,814 (587.52 * $95), split 50% GR; 50% Federal.

The following modifications to MEDES would be required:

- Rules modifications to prevent a floating renewal for income changes and adding/removing participants in those instances where such change causes ineligibility.
- Rules modifications to no longer end coverage at the time of the change but to extend it until the next annual renewal.
- Revisions to notices to participants to include new provisional denial reason codes, closings, etc. and supporting logic for generating the codes.

- Modifications to the nightly batch process for triggering notices and terminating coverage.
- Modifications to the task queueing functions – create a queue for cases on extended coverage that should be terminated as the annual review becomes due. This queue should have a higher priority than the standard annual review queue.
- Creation of new operational/management reports and modification of existing reports to provide information on participants with coverage in the extended period; lists of participants with upcoming closing dates and reports of statistical data on the population of participants with the extended coverage.

Modifications for the MEDES system must be performed by Redmane. Hourly IT costs under this contract vary by position title and work type. It is estimated to take 4 months total project time for a total cost of $460,496, split 50% GR; 50% Federal.

Therefore, the total FAMIS, FACES and MEDES upgrades for this section will cost $553,246 ($276,623 GR; $276,623 Federal) in FY 23 exclusively.

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

208.646 - Provides for no eligibility waiting period after application for CHIP children

Officials from **MHD** state this legislation revises MO HealthNet (MHN) eligibility under Chapter 208 and applies to MO HealthNet Managed Care members in the CHIP program.

There will be no fiscal impact to MO HealthNet Managed Care operations.

Currently, the thirty-day waiting period is required only for eligibles who are initially made eligible under this eligibility category (ME 75) and not for eligibles transitioning from a different eligibility category. These eligibles must pay their premium before services are provided pursuant to 13 CSR 70-4.080(4)(E). When the premium is received, a capitated payment is made to a health plan.

For the purposes of this fiscal note, it is assumed that all applications will be approvable upon receipt. It is assumed that all premiums are paid within 30 days and it is assumed that 13 CSR 70-4.0804(E) is not revised.

Capitated Payments: With the above assumptions, there will be approximately one additional month of capitated payments made for new eligibles initially enrolled in this eligibility category. In FY 2022, 2,571 eligibles in this eligibility category were subject to the thirty-day waiting period. The FY 2022 number of eligibles is slightly inflated due to the public health emergency. It is assumed the number of eligibles will not be the same for this category in subsequent years. The average Per Member Per Month (PMPM) capitation payment in FY 2021 for these eligibles

was $234.58. Therefore, the fiscal impact would be up to $603,105 (2,571 * $234.58 = $603,105.18 rounded down) annually.

Carved-Out Services for Managed Care Eligibles: Managed Care members receive some of their services through the Fee-for-Service program, e.g., pharmacy and some behavioral health. Since these eligibles currently do not have coverage in the first 30 days, a proxy for this cost was created using FFS claims for similar eligibility categories (ME Codes 73 and 74). In FY 2020, 11,412 claims were processed and paid through FFS for a total of approximately $2,141,735.34. This total was divided by 12 to estimate one month of claims at $178,478. Therefore, it is assumed the annual fiscal impact will be up to approximately $179,000 for services that are carved out of Managed Care and covered under FFS.

While operating under the provisions of the Families First Coronavirus Response Act (HR 6201, Section 6008), MO HealthNet coverage was maintained at the same benefit level for all cases and the annual review process required in 42 CFR 435.916 and §208.147 is temporarily waived. The number of MO HealthNet cases with children under 19 years of age may be higher as this resulted in limited closings after March 18, 2020. The proxy used in FY 2020 to estimate the fiscal impact of carved out services could not be replicated to show an accurate estimate using FY 2021 data. MHD will stand by the estimate provided in FY 2020 through the end of the pandemic.

Premiums: MO HealthNet Managed Care does not impose co-payments. However, families of children in the CHIP program at 225% of the FPL are required to pay premiums. MO HealthNet currently sends monthly invoices for premium payments and members are made ineligible for 90 days once notified that premium payments have been missed for three consecutive months. MO HealthNet's current practice aligns with new language in this legislation; therefore, it is assumed there will be no change to Managed Care operations and no fiscal impact.

If this legislation is passed, the CHIP State Plan will need to be amended to reflect new language.

FY 23 (10 month): Total - $651,319 (GR - $221,787; Federal - $429,532)
FY 24: Total - $794,870 (GR - $270,669; Federal - $524,201)
FY 25: Total - $808,383 (GR - $275,271; Federal - $533,112)

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

Officials from **OA, ITSD/DSS** state the proposed provisions in §208.646 eliminate the waiting period for coverage to start after an application is received and approved for CHIP participants and adds a 90-day penalty for failure to make co-payments for medical services when the family has income of more than 225% of FPL. MEDES will require the following modifications to accommodate elimination of the waiting period and the addition of a 90-day penalty:

- The MHN Systems "failure to pay" (CHIP premium) batch subroutine will be modified to also provide information to the Missouri Eligibility and Determination System (MEDES) when a recipient fails to meet the co-payment requirements.
- The MEDES case management component will be modified to display failure to meet co-payment information including co-payment status.
- System rules will be revised to remove the 30-day delay in starting CHIP 75 eligibility.
- Complete programming to trigger the process to initiate CHIP reinstatement when the 90-day penalty period ends.

The changes are estimated at a total cost of $514,216, split 50% GR; 50% Federal in FY 2023 exclusively.

Regarding the legislation as a whole

Officials from the **Department of Mental Health (DMH)** defer to DSS for the anticipated fiscal impact to the Comprehensive Psychiatric Rehab (CPR), Comprehensive Substance Treatment and Rehabilitation (CSTAR) and Developmental Disabilities (DD) waiver services.

Oversight notes DMH's deferral to DSS for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for DMH.

Officials from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Office of Administration, Budget and Planning** and the **Newton County Health Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local public health agencies and hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

FISCAL IMPACT – State Government	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
Costs - DSS (§208.151) Program Distributions pp. 4-5	($3,112,050 to $8,237,780)	($4,393,483 to $25,811,711)	($4,393,483 to $26,360,896)
Costs - OA, ITSD (§208.151) pp. 5-6			
FAMIS system changes	($18,468)	$0	$0
FACES system changes	($27,907)	$0	$0
MEDES system changes	($230,248)	$0	$0
Total Costs - OA, ITSD	($276,623)	$0	$0
Costs - DSS (§208.646) - Program Distributions pp. 6-7	($221,787)	($270,669)	($275,271)
Costs - OA, ITSD/DSS (§208.646) MEDES system changes p. 7-8	($257,108)	$0	$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND*	**($3,867,568 to $8,993,298)**	**($4,664,152 to $26,082,380)**	**($4,668,754 to $26,636,167)**
*Range is based on estimates of low to high program distributions due to waiver approvals and participation months.			

FISCAL IMPACT – State Government – (continued)	FY 2022 (10 Mo.)	FY 2023	FY 2024
FEDERAL FUNDS			
Income - DSS (§208.151) Program reimbursements pp. 4-5	$6,027,061 to $15,953,986	$8,508,792 to $49,989,155	$8,508,792 to $51,052,754
Income - OA, ITSD (§208.151) Reimbursement for FAMIS, FACES and MEDES system updates pp. 5-6	$276,623	$0	$0
Income - DSS (§208.646) - Increase in program reimbursements pp. 6-7	$429,532	$524,201	$533,112
Income - OA, ITSD/DSS (§208.646) MEDES system changes p. 8	$257,108	$0	$0
Costs - DSS (§208.151) Program Distributions pp. 4-5	($6,027,061 to $15,953,986)	($8,508,792 to $49,989,155)	($8,508,792 to $51,052,754)
Costs - OA, ITSD/DSS (§208.151) pp. 5-6			
FAMIS system changes	($18,468)	$0	$0
FACES system changes	($27,907)	$0	$0
MEDES system changes	($230,248)	$0	$0
Total Costs - OA, ITSD	($276,623)	$0	$0
Costs - DSS (§208.646) - Increase in Program Distributions pp. 6-7	($429,532)	($524,201)	($533,112)
Costs - OA, ITSD/DSS (§208.646) MEDES system changes p. 7-8	($257,108)	$0	$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**
*Range is based on estimates of low to high program distributions due to waiver approvals and participation months.			

FISCAL IMPACT – Local Government	FY 2023 (10 Mo.)	FY 2024	FY 2025
	$0	**$0**	**$0**

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

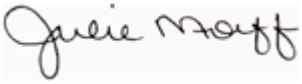
A child who is determined to be eligible for MO HealthNet benefits shall remain eligible for 12 months subsequent to the last day of the month in which the child was enrolled, unless the state is aware the child has moved out of the state or the child has reached 19 years of age (§208.151).

Finally, the act modifies provisions of law relating to waiting periods after enrollment for the Children's Health Insurance Program (CHIP). Currently, there shall be a 30-day waiting period after enrollment for a child in a family with an income of more than 225% of the federal poverty level (FPL) before the child becomes eligible for coverage. Under this act, there shall be no waiting period after receipt of an application for an uninsured child before the child becomes eligible for coverage. Under current law, if a parent or guardian of a child in a family with an income of more than 225% FPL fails to meet the copayment or premium requirements of the program, the child shall not be eligible for coverage for 90 days after the Department of Social Services provides notice of the failure to the parent or guardian. This act requires that the parent or guardian fail to meet the copayment requirements on 3 separate occasions or fail to meet the premium requirements for 3 consecutive months before making the child ineligible for coverage for 90 days (§208.646).

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 Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Social Services
Office of Administration - Budget and Planning
Newton County Health Department



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