

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0453S.02C
Bill No.: SCS for SB Nos. 45 & 90
Subject: Health Care; Medicaid/MO HealthNet; Public Assistance; Department of Social Services
Type: Original
Date: February 3, 2023

Bill Summary: This proposal modifies provisions relating to MO HealthNet services for pregnant and postpartum women.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	(\$4,542,330)	(\$10,590,121)	(\$11,156,896)
Total Estimated Net Effect on General Revenue	(\$4,542,330)	(\$10,590,121)	(\$11,156,896)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and expenses are estimated at \$20 million annually beginning in FY 2025 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§208.151 and §208.662 - 12 month post-partum coverage for MPW and SMHB participants

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** state this proposal amends §208.151 to extend pregnancy-related and postpartum coverage from the last day of the month that includes the sixtieth day to one year after the pregnancy ends for individuals receiving MO HealthNet for Pregnancy (MPW) effective upon passage and approval. DSS shall submit a state plan amendment (SPA) to the Centers for Medicare and Medicaid Services (CMS) within sixty days of the effective date of this act and the provisions of this legislation shall remain in effect for any period of time during which there is federal authority under 42 U.S.C. Section 1396a(e)(16) or any successor statutes or regulations, is in effect.

Subsection 208.662.6 is amended to extend pregnancy-related and postpartum coverage from the last day of the month that includes the sixtieth day to one year after the pregnancy ends for individuals receiving Show Me Healthy Babies (SMHB). DSS shall submit a SPA to CMS within sixty days of the effective date of this act and the provisions of this legislation shall remain in effect for any period of time during which there is federal authority under 42 U.S.C. Section 1397gg(e)(1)(J) or any successor statutes or regulations, is in effect.

Beginning April 1, 2022, sections 9812 and 9822 of The American Rescue Plan Act of 2021 (ARPA) give states the option to extend Medicaid coverage for pregnant women beyond the required 60-day postpartum period through the end of the month in which a 12-month postpartum period ends. The option provides for continuous eligibility. States electing this option must provide full state plan benefits during the pregnancy and postpartum period; they may not limit coverage to pregnancy-related services. If adopted for Medicaid, the extended postpartum coverage election applies automatically to the Children's Health Insurance Program (CHIP) in the state. This option is time-limited to a 5-year period beginning on the effective date of the provision, April 1, 2022. On December 29, 2022, the Consolidated Appropriations Act, 2023 (CAA, 2023) was enacted, making the option for states to provide 12-months of continuous postpartum coverage a permanent state plan option, overriding the previous authorization for a 5-year limit in ARPA.

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 CHIP under Title XXI. Due to this requirement, FSD has used data from FY 2020.

CMS issued guidance for extending postpartum coverage in State Health Official Letter 21-007 on December 7, 2021. The guidance directs states opting to accept this coverage to provide

twelve months of continuous coverage at the level of care the participant received when the pregnancy ended.

The Family Support Division (FSD) determined that approximately 4,565 individuals who received MPW postpartum benefits beginning on the last day of their pregnancy would have coverage extended to twelve months.

FSD arrived at the number in the following manner:

In FY 2020, 46,455 MPW participants lost postpartum coverage after 60 days. Of these:

14,513 MPW moved to other assistance assuming a full benefit package
12,449 MPW moved to Extended Women's Health Services (EWHS) with limited
benefits
19,493 MPW received no other assistance

Total: 46,455 MPW participants lost postpartum coverage after 60 days

Under Amendment 2, Missouri Constitution Article IV, Section 36(c), effective July 1, 2021, the DSS extended MO HealthNet coverage to persons age 19 to 64 with income under 138% of the federal poverty level (FPL), known as the Adult Expansion Group (AEG). The extension of this MO HealthNet coverage results in MPW participants that would have previously moved to Extended Women's Health Services (EWHS) or received no other assistance to potentially be eligible for AEG. To estimate the number of MPW participants that could now move directly from MPW to AEG, DSS analyzed MPW participants receiving in February 2020 with income under 138% FPL that do not receive Medicare and determined 87% of the MPW population will now be eligible for AEG and receive a full benefit package. DSS then used the 87% to estimate 27,790 ((12,449 + 19,493 = 31,942) and (31,942 * 0.87 = 27,789.54, rounded up)) could move to AEG after the 12 months of postpartum coverage expires.

Therefore, the total MPW participants estimated to receive extended postpartum for twelve months is 4,152 (46,455 – 14,513 – 27,790 = 4,152).

46,455 MPW participants lost postpartum coverage after 60 days
(14,513) MPW moved to other assistance assuming a full benefit package
(27,790)MPW moved to AEG

Total: 4,152 estimated to receive extended postpartum for twelve months

In FY 2020, 553 SMHB participants lost postpartum coverage after 60 days. Of these:

140 moved to other assistance assuming a full benefit package
68 moved to Women's Health Services (WHS) with limited benefits
345 received no other assistance

Total: 553 SMHB participants lost postpartum coverage after 60 days

FSD assumes SMHB participants who moved to EWHS will not be eligible for AEG as their income at the SMHB determination exceeds eligibility guidelines for AEG. The total SMHB participants estimated to receive extended postpartum for twelve months is 413 (553 total – 140 moved to other assistance = 413).

In SFY 2020, 1,846 participants were eligible for and received other MO HealthNet benefits that were not pregnancy related, but received pregnancy related services. These individuals would also be eligible to have their MO HealthNet benefits continuously extended for twelve months from the date the pregnancy ended.

Amending these sections would extend coverage for 48,854 (46,455 + 553 + 1,846 = 48,854) total individuals after the pregnancy ended. DSS assumes that eligibility for the extended coverage would also include any postpartum participant currently within the initial 60-days of coverage as of the effective date.

Therefore, FSD determined that approximately 4,565 (4,152 + 413 = 4,565) individuals would be newly eligible for coverage extended to twelve months.

In discussions with DSS, **Oversight** learned the 1,846 MO HealthNet participants who were not covered by MPW or SMHB, but did receive pregnancy related services, are not counted in the newly eligible extended post-partum coverage participant numbers because they are assumed to remain eligible for that MO HealthNet coverage for the entire 12 months. This results in those beneficiaries being included in the population that already has MO HealthNet costs. **DSS** assumes, for example, a participant with MO HealthNet for Families coverage will remain eligible for that coverage for the extended post-partum period. When **Oversight** asked DSS about any potential additional costs for continuing coverage on participants (excluding MPW and SMHB) for which they are not otherwise eligible and would be removed if they had not received pregnancy related services, officials from **DSS** stated there could potentially be some participants that would not be eligible for the entire 12 months, but DSS is not currently able to estimate how many there might be at this time because they have not removed any Adult Expansion Group (AEG) participants since implementation of that program due to the Public Health Emergency.

DSS, FSD states if the provisions of this legislation are enacted, the DSS will submit a SPA to CMS for approval. DSS estimates that it will take approximately 90 days for the SPA to be approved. Therefore, DSS estimates that implementation of the provisions of this legislation cannot occur until July 1, 2023.

The extension of coverage would have no fiscal impact to FSD.

FSD defers to the MO HealthNet Division (MHD) for costs to the program.

FSD assumes the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS will include the MEDES programming costs for the system changes needed to implement provisions of this bill in their response.

Oversight notes FSD's deferral to MHD and OA, ITSD/DSS for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for FSD.

Officials from the **DSS, MHD** state, currently, MHD covers pregnancy-related and postpartum mothers for up to 60 days after the pregnancy ends. This legislation would extend coverage to twelve months after the pregnancy ends. A waiver, SPA amendment, and Managed Care Organization (MCO) Contract Amendment would be needed for this legislation. Therefore, the MHD may not start seeing additional costs until the approval of the spa amendment and MCO Contract Amendment.

FSD determined a grand total of 4,565 (413 SMHB plus 4,152 MPW) participants would qualify for coverage under this legislation. MHD assumes new Medical Eligibility (ME) code(s) would need to be created for this population, with a total cost of \$323,550, split 25% GR (\$80,886); 75% Federal. MHD also found an average monthly per member per month (PMPM) rate of \$533.57 for this population. This rate includes carved-out services, which mainly includes DMH services as well as Pharmacy related services.

The MHD assumes that system work will be needed for this added population. The MHD would assume that only new eligible mothers would qualify for extended coverage when this legislation takes effect, so the population was ramped up in FY24. The SMHB costs for extended coverage are below:

FY24 Total: \$12,269,115 (GR: \$4,141,782; Federal: \$8,127,333)
FY25 Total: \$30,807,329 (GR: \$10,472,952; Federal: \$20,334,377)
FY26 Total: \$32,470,924 (GR: \$11,038,490; Federal: \$21,432,434)

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

The **DSS, Division of Legal Services (DLS)** estimates it will require one (1) additional FTE Hearing Officer to implement this legislation. This need stems from a likely increase in administrative appeals associated with the bill's new requirements. The Family Support Division estimates that 4,565 new participants would qualify for services under this legislation. MO HealthNet Division estimates that 5% of those new participants would need an administrative hearing for some reason during the year. DLS's hearings unit will need to adjudicate an additional 229 administrative hearings. Given the hearings officer's normal caseload of 696 hearings, one (1) additional hearing officer will be needed to absorb this increase in hearings $[(4,565 * 0.05) / (696)] = 0.33 = 1$ new FTE hearings officer].

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

Officials from **OA, ITSD/DSS** state the Missouri Eligibility Determination and Enrollment System (MEDES) currently provides eligibility determinations and case management functions for family MO HealthNet programs, including the MO HealthNet for Pregnant Women (MPW) and Show-me Healthy Babies (SMHB) programs, and the Children's Health Insurance Program (CHIP) administered by the DSS Family Support Division using the Modified Adjusted Gross Income (MAGI) criteria established under the Patient Protection and Affordable Care Act of 2010 (ACA). IBM Curam is a commercial off-the-shelf (COTS) software package that provides the core eligibility determination and case management functionality for MEDES. The proposed change to Sections 208.151 and 208.662 will require significant modifications to MEDES.

Subsection 208.151.1 currently retains eligibility for pregnancy-related and postpartum coverage through the last day of the month in which the 60th day after the pregnancy ends occurs. The added changes indicate that pregnant women shall be eligible for medical assistance during the pregnancy and during the 12-month period that begins on the last day of the woman's pregnancy and ends on the last day of the month in which the 12-month period ends. Due to the level of coverage under the existing postpartum subprograms, it is assumed the same MPW Post-partum Medicaid Eligibility (ME) codes will be used for the entire extended 12 month period.

Subsection 208.662.6(2) states mothers eligible under the SMHB program shall receive medical assistance benefits during the pregnancy and through the last day of the month 12 months after the pregnancy ends. Due to the level of coverage under the existing postpartum subprograms, it is assumed the same SMHB Post-partum Medicaid Eligibility code will be used for the entire extended 12 month period. Individuals on SMHB that are not citizens are assumed to not be eligible for the extended coverage.

The following modifications would be required for this group:

- New Medicaid Eligibility (ME) codes will be created for MO Healthnet programs that currently do not have postpartum coverage (i.e. programs other than MPW and SMHB).
- The programming for same ME codes that are used for the current MPW and SHMB postpartum 60 day extensions will be updated for the 12 month extension.
- Operational and management reports will need to be developed for the non-citizen program under the new ME code(s).
- A batch interface will be created that provides pregnancy related service information from the MMIS to MEDES. The evidence will be stored in MEDES to be accessed/checked prior to performing a closing action.
- Additional programming will be added to create pregnancy verification tasks because it will be necessary for eligibility specialists to enter the pregnancy termination date so the system can calculate the end date for the 12 months of extended coverage.

- Multiple system generated notices will be modified to include information to recipients about the 12 months of extended coverage and advise of importance of reporting pregnancy so the additional benefit will be considered when a closing action is being processed.

Systems modifications will be executed via a Project Assessment Quotation (PAQ) under the existing Redmane contract for MEDES Maintenance and Operations as an enhancement. Hourly IT costs under this contract vary by position title and work type. It is estimated to take 4,712.48 hours for a total cost of \$801,314 in FY 2024 exclusively (25% GR; 75% Federal). Ongoing maintenance will be covered under the existing Redmane maintenance and operations contract.

Therefore, the total MEDES upgrades will be split \$200,329 GR; \$600,984 Federal in FY 2024 exclusively.

Oversight does not have any information to the contrary. Oversight notes the increased OA, ITSD/DSS costs from similar legislation (HB 2604) from the previous session. In discussions with DSS officials, Oversight learned the added costs come from the changes that must be made to several MO HealthNet programs, rather than alterations to only MPW and SMHB. Therefore, Oversight will reflect the costs provided by ITSD/DSS for fiscal note purposes.

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), Certified Community Behavioral Health Clinics (CCBHO) 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 **Office of Administration (OA) - Budget and Planning (B&P)** defer to DSS for the potential fiscal impact of this proposal.

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

Officials from the **Department of Health and Senior Services** 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.

In response to similar legislation (HB 254), officials from the **St. Louis County Health Department** assumed the proposal will have no 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 agency.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other County and City Health Departments and hospitals were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

In response to a previous version, officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a previous version, officials from the **Office of the Secretary of State** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2024	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Costs – DSS/MHD (§§208.151 and 208.662) new ME codes for Post-partum Extension p. 6</u>	(\$80,886)	\$0	\$0
<u>Costs - DSS/MHD (§§208.151 and 208.662) Program distributions for Post-partum Extension p. 6</u>	(\$4,141,782)	(\$10,472,952)	(\$11,038,490)
<u>Costs – DSS/DLS (§§208.151 and 208.662) p. 6</u>			
Personal service	(\$72,984)	(\$73,714)	(\$74,451)
Fringe benefits	(\$28,420)	(\$32,260)	(\$32,480)
Equipment and expense	(\$17,929)	(\$11,195)	(\$11,475)
<u>Total Costs - DSS/DLS</u>	<u>(\$119,333)</u>	<u>(\$117,169)</u>	<u>(\$118,406)</u>
FTE Changes	1 FTE	1 FTE	1 FTE
<u>Costs – OA,ITSD/DSS (§§208.151 and 208.662) MEDES system changes for Post-partum Extension pp. 6-7</u>	(\$200,329)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$4,542,330)</u>	<u>(\$10,590,121)</u>	<u>(\$11,156,896)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – State Government – (continued)</u>	FY 2024	FY 2025	FY 2026
FEDERAL FUNDS			
<u>Income</u> - DSS/MHD (§§208.151 and 208.662) Reimbursement for Post-partum Extension p. 5	\$8,127,333	\$20,334,377	\$21,432,434
<u>Income</u> – DSS/MHD (§§208.151 and 208.662) Reimbursement for new ME codes for Post-partum Extension p. 5	\$242,663	\$0	\$0
<u>Income</u> – OA,ITSD/DSS (§§208.151 and 208.662) Reimbursement for MEDES system changes for Post-partum Extension p. 6-7	\$600,984	\$0	\$0
<u>Costs</u> - DSS/MHD (§§208.151 and 208.662) Program distributions for Post-partum Extension p. 5	(\$8,127,333)	(\$20,334,377)	(\$21,432,434)
<u>Costs</u> – DSS/MHD (§§208.151 and 208.662) New ME codes for Post-partum Extension p. 5	(\$242,663)	\$0	\$0
<u>Costs</u> – OA,ITSD/DSS (§§208.151 and 208.662) MEDES system changes for Post-partum Extension p. 6-7	(\$600,984)	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024	FY 2025	FY 2026
	<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

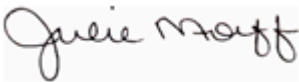
Currently, low-income pregnant and postpartum women receiving benefits through MO HealthNet for Pregnant Women or Show-Me Healthy Babies are eligible for pregnancy-related coverage throughout the pregnancy and for 60 days following the end of the pregnancy. Under this act, MO HealthNet coverage for these low-income women will include full Medicaid benefits for the duration of the pregnancy and for one year following the end of the pregnancy. This coverage shall begin on the effective date of the act and shall continue during any period of time the federal authorization for such coverage is in effect. Currently, the federal American Rescue Plan of 2021 has authorized 5 years of this coverage (§208.151 and §208.662).

This proposal contains an emergency clause.

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

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Mental Health
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration - Budget and Planning
Office of the Secretary of State
Newton County Health Department
St. Louis County Health Department



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