

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0789S.02I
 Bill No.: SJR 4
 Subject: Constitutional Amendments; Health Care; Medicaid/MO HealthNet; Department of Social Services; Public Assistance; Health Care Professionals
 Type: Original
 Date: January 31, 2023

Bill Summary: This proposal modifies provisions relating to MO HealthNet beneficiaries, providers, and services.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|---|--|--|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| General Revenue* | Unknown to (Unknown) and could exceed (\$10,000,000)** | Unknown to (Unknown) and Up to \$87,911,991 | Unknown to (Unknown) and Up to \$96,270,234 |
| Total Estimated Net Effect on General Revenue | Unknown to (Unknown) and could exceed (\$10,000,000)** | Unknown to (Unknown) and Up to \$87,911,991 | Unknown to (Unknown) and Up to \$96,270,234 |

* “Could exceed” end of range is based on a special election being held and potential program and OA, ITSD/DSS costs of implementation (if approved by voters). The potential net positive fiscal impact is from net program savings stemming from work and community engagement non-compliance drops (Section 36(f)). Actual savings could vary significantly.

The potential fiscal impact of “(More than \$10,000,000)” in FY 2024 would be realized **only if a special election were called by the Governor to submit this joint resolution to voters.

| 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 |

*Savings and losses estimated at “Up to \$234 million” annually beginning in FY 2025 and net to \$0. Range is based on whether or not a waiver is granted and potential savings and losses of implementation.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2024 | FY 2025 | FY 2026 |
| General Revenue | 0 | 11 FTE | 11 FTE |
| Total Estimated Net Effect on FTE | 0 | 11 FTE | 11 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 |

*Potential costs and state reimbursements net to zero in FY 2024 if a special election is called.

FISCAL ANALYSIS

ASSUMPTION

Missouri Constitution Article IV, Sections 36(c), 36(d), 36(e), and 36(f) - Referendum

Oversight notes the provisions of this proposal are subject to a vote of the people. In the event the proposal does not pass, the provisions would not be implemented and the fiscal impact to implement the changes would be \$0. Therefore, for fiscal note purposes, all costs will be ranged as “\$0 or...” for the appropriate agency and fund.

Missouri Constitution Article IV, Sections 36(c) and 36(d)

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state Sections 36(c) and 36(d) of this proposal make Medicaid eligibility subject to yearly appropriations and to potential yearly amendments to Missouri’s Medicaid State Plan. Those changes would require MO HealthNet to submit amendments to its Medicaid State Plan to the federal Department of Health and Human Services (DHHS), Centers for Medicare & Medicaid Services (CMS) each year concerning Medicaid eligibility. This may result in an increase in need for staff resources and may result in higher administrative costs to potentially change or modify Medicaid eligibility each year. CMS may not approve changes proposed by MO HealthNet to the State Plan from year to year. Whether Missouri can receive federal reimbursement for Medicaid services is contingent upon CMS approving Missouri’s Medicaid State Plan amendments. Because this proposal makes Medicaid eligibility subject to yearly appropriations and to potential yearly amendments to Missouri’s Medicaid State Plan, including CMS approval of any changes to the state plan, the fiscal impact is unable to be determined and is therefore estimated as \$0 to unknown.

The fiscal impact for Sections 36(c) and 36(d) is unknown and is subject to appropriation by the General Assembly.

Oversight does not have information to the contrary. Due to the variables and uncertainty of annual State Plan Amendment approvals, Oversight will reflect the estimates provided by DSS as a savings of “\$0 to Unknown” for the reduction of MO HealthNet coverage and a cost of “\$0 to (Unknown)” for potential of DHHS, CMS not approving annual State Plan Amendments.

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

The Adult Expansion Group (AEG) and the related functionalities implemented as part of the Medicaid Expansion Project involves FAMIS as well as MEDES. The actual AEG eligibility is determined in MEDES. In FAMIS, the existing MO HealthNet for the Aged, Blind or Disabled (MHABD) benefits stay in a pending status. This proposal would change whether or not a case is approved based on availability of funds. This could impact FAMIS and might involve some system changes.

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 for the entire proposal will require 725.76 hours for a cost of \$68,947 ($725.76 * \95) in FY 2025.

Oversight notes the FAMIS estimate includes costs to update the provisions for Section 36(f) of this proposal as well as the costs for Sections 36(c) and 36(d). Oversight also notes that the total MEDES costs for this proposal presented by ITSD is split 49.74% for Sections 36(c) and 36(d) and 50.26% for Section 36(f). Therefore, Oversight will present the FAMIS costs for Sections 36(c) and 36(d) as \$34,297 ($\$68,947 * 49.74\%$) in FY 2025.

In discussions with DSS officials, **Oversight** learned that, because the provisions of this section do not include work requirements, DSS assumes that federal funds may be available for some of the system changes in this section, but the specific match rate is unknown and may vary in future years. For fiscal note purposes, **DSS** assumes a potential fund split of 50% GR; 50% Federal. Therefore, **Oversight** assumes the cost for FAMIS changes will be \$17,148 GR; \$17,148 Federal, for fiscal note purposes.

OA, ITSD/DSS states MEDES establishes and manages eligibility for the AEG which covers the population described in Section 36(c) based on Modified Adjusted Gross Income (MAGI) criteria set forth by the Patient Protection and Affordable Care Act of 2010. It is constructed using commercial off-the-shelf software with IBM Curam being essentially the core of the system performing the case management functions of the application. The Curam Health Care Reform (HCR) module was specifically designed to support MAGI-based eligibility determinations and is an integral part of the MEDES application.

Sections 36(c) and (d) require eligibility to be ended for the AEG population during periods when funds are not appropriated. MEDES could be modified to essentially suspend coverage for the adult population described in Section 36(c). This approach permits new applicants to be identified as being eligible during times appropriations are in place while providing coverage until such time funds become unavailable. It also allows for potentially continual tracking of individuals already receiving benefits while eligibility is suspended with reinstatement capabilities when appropriations again become available once they lapse.

IBM Curam does not support suspension of eligibility with out-of-the-box functionality. Considerable effort will be required to reconfigure and customize Curam and other application components. Minimally, the following changes will be required to comply with Section 36(c) and 36(d):

- Curam will have to be modified to add the suspension/reinstatement functionality.
- A bulk reassessment process will be needed to suspend individuals when the availability of appropriations lapses.
- An interface will have to be created to generate a referral to FAMIS system for those meeting permanent and total disability criteria.
- A determination will have to be made for those that may be eligible under another program such as MO HealthNet for Pregnant Women (MPW) or Uninsured Women's Health Services (UWHC).
- Suspended individuals will have to be dis-enrolled from Managed Care.
- Management reports will be needed to provide statistics on suspension/ reinstatements and to ensure case reviews are conducted timely to determine continued eligibility and correct benefit levels.
- Reports and task queues will be created to notify eligibility specialists when recipients are suspended that may be eligible for another program and to review some cases where eligibility factors could not be determined.
- Modify existing notices/create new notices to include language about suspension or restatement as applicable.

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 6,208 hours for a total cost of \$1,148,480 in FY 2025 exclusively.

In discussions with DSS officials, **Oversight** learned that, because the provisions of this section do not include work requirements, DSS assumes that federal funds may be available for some of the system changes in this section, but the specific match rate is unknown and may vary in future years. For fiscal note purposes, **DSS** assumes a potential fund split of 50% GR; 50% Federal. Therefore, **Oversight** assumes the cost for MEDES changes will be \$574,240 GR; \$574,240 Federal, for fiscal note purposes.

Missouri Constitution Article IV, Section 36(e)

Officials from **MHD** state, effective July 1, 2022, MHD rebased the inpatient per diem and changed the add-on payments paid to hospitals. The add-on payments no longer include reimbursement for non-Missouri residents, therefore, there would be no impact to MHD.

Oversight does not have any information to the contrary. In discussions with DSS officials, Oversight learned that effective July 1, 2022, the Missouri Code of State Regulations (CSR) regarding payments to Missouri hospitals was updated to eliminate payments, add-ons, and reimbursements to health care providers through MO HealthNet for medical assistance services provided to non-Missouri Medicaid patients.

Prior to the CSR changes, the Direct Medicaid payment, which included the reimbursement for non-Missouri residents, was included 13 CSR 70-15.015. When MHD rebased and updated the methodology, this payment was **repurposed** into the payments now outlined in 13 CSR 70-15.010 and 13 CSR 70-15.230. Prior regulation language which included non-Missouri residents, was removed. Because the new payment calculations in the updated CSRs do not impact the amount of funds collected, only how the funds are disbursed, the recalculations have a budget neutral result. The provisions of this proposal will not change MHD's current reimbursement calculation or methodology. Therefore, Oversight will reflect a zero impact in the fiscal note for DSS, MHD for these provisions.

Officials from **FSD** state FSD determines MO HealthNet eligibility for the Modified Adjusted Gross Income (MAGI) and MO HealthNet for Aged, Blind and Disabled (MHABD) programs. [42 CFR 435.403](#) requires states to provide Medicaid to eligible residents of the state. Individuals who are not a resident of Missouri are not currently eligible for any MO HealthNet programs. The provisions of this bill do not alter any eligibility criteria for any MO HealthNet programs FSD administers.

Therefore, 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 this section for FSD.

Missouri Constitution Article IV, Section 36(f)

FSD states Section 36(f) implements a monthly 80-hour work requirements into MO HealthNet (MHN) programs. Participants ages 19 to 64 not meeting an exemption or a good cause exemption are ineligible for MO HealthNet unless they are working, participating in a work program, volunteering, or any combination of work activities for at least 80 hours per month. The provisions of this section are subject to approval of an 1115 Demonstration waiver by the DHSS and requires the DSS to seek such waiver from DHSS.

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 RSMo 208.147 is temporarily waived

while operating under the provisions of HR 6201, Section 6008. The number of MHN cases and individuals with school-age children may be higher as this resulted in a limited closings after March 18, 2020.

| | |
|---|-----------|
| Adults ages 19-64 on Medicaid for Families and Adult Expansion Group | 384,592 |
| Less individuals on SNAP or TANF not subject to work requirement under this legislation | (132,090) |
| Less caregivers for children under 6, disabled adult, or disabled child | (71,612) |
| Less individuals already determined disabled | (14,680) |
| Less individuals with earned income already meeting the work requirement | (54,282) |
| Number potentially subject to work requirement under this legislation | 111,928 |
| FSD assumes an additional 25% will claim a disability for Medicaid due to a disability | (27,982) |
| Estimated number of individuals that will be subject to the work requirement | 83,946 |
| FSD estimates 35% will comply with work requirements | 29,381 |
| FSD estimates 65% will not comply and lose Medicaid | 54,565 |

As of October 31, 2022, there were 384,592 individuals' ages 19-64 who were receiving MO HealthNet for Families (MHF) or Adult Expansion Group (AEG) coverage. Of those 384,592 individuals, 132,090 were also receiving Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) benefits. In order to receive SNAP or TANF benefits, these individuals must either meet current SNAP or TANF work requirements or be exempted from participating in SNAP or TANF work requirements. Individuals who receive SNAP or TANF benefits and are exempt from the work requirements of those programs are also exempt from the work requirements for MHF and AEG. Therefore, of the 384,592 MHF and AEG individuals, 252,502 individuals (384,592 – 132,090) would be remaining that are not currently provided work services or exempt from work requirements through another program.

The remaining individuals are required to comply with work requirements under this legislation unless they meet one of the following exemptions: pregnant individuals; all caregivers of a child under age six, a disabled child, or a disabled adult; and individuals with a disability, as defined in this legislation. Of those 252,502, there are 71,612 individuals identified as caregivers and 14,680 identified as disabled.

It was determined that the remaining 166,210 non-exempt participants [252,502 – (71,612 caregivers + 14,680 disabled persons)] includes 54,282 individuals with earned income. FSD

made the assumption that those individuals with earned income are already meeting work requirements and the total number impacted was reduced by this amount.

The total number of individuals remaining that would potentially be affected by MHF and AEG work requirements would be 111,928 (166,210 non-exempt - 54,282 people with earned income).

It is assumed that 25% of the population that will be affected by MHF and AEG work requirements will claim a disability to be served under another MO HealthNet program for a total of 27,982 (111,928 * 0.25). The remaining 83,946 (111,928 impacted - 27,982 claiming a disability) will be subject to the MHF and AEG work requirements in this legislation. Of those 83,946, FSD assumes that 35% will comply with work requirements for a total of 29,381 (83,946 * 0.35, rounded down) and 65% will lose benefits for non-compliance for a total of 54,565 (83,946 * 0.65, rounded up). DSS arrived at the compliance rate estimate by slightly increasing the current compliance rate for TANF work requirements. DSS believes the compliance rate for this program may be higher.

A total of 54,565 individuals are expected to no longer be eligible for MO HealthNet as a result of this legislation.

FSD estimates the total number of participants that will comply to be 29,381. FSD estimates contract expenditures could be up to \$29,381,000 (29,381 * \$1,000 per participant) to administer the work program. DSS states this is an estimate based on current administrative costs for other work program activities. FSD estimates an additional 11 FTE will be needed, including 10 Program Specialists (29,381 / 2,965 = 9.909, rounded up) and 1 Program Coordinator (10/10 = 1).

Additional system programming will be needed to integrate work program compliance information, program sanctions, and alert staff when participants become age eligible and/or ineligible for work requirements so that a review for other possible exemptions can be made.

FSD defers to OA - ITSD for any costs associated with system changes.

On January 11, 2018, CMS released new policy guidance for states to test community engagement for able-bodied adults through 1115 Demonstration Waivers. **This guidance outlines that Medicaid work requirements will be implemented with general revenue money.**

DSS would request a waiver from CMS to implement the provisions of this legislation. FSD estimates that it would take approximately a year to obtain CMS approval of the waiver. Due to the time it takes to obtain the waiver, implementation of the work requirements could not begin

until July 1, 2024. If the waiver is not approved, the provisions of this legislation require DSS to annually request the waiver until such waiver is approved.

Therefore, the fiscal impact to FSD is \$0 to \$29,381,000 and 11 FTE.

FSD assumes the projected FSD administrative costs will be offset by the savings to overall Medicaid coverage costs.

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

Officials from **MHD** state FSD estimated that there would be approximately 54,654 MHN participants that will not comply and lose MHN benefits. The result would be an assumed savings if these individuals did not comply and lost coverage.

MHD found a per member per Month (PMPM) rate of \$607.55 for the MHABD individuals and a PMPM of \$472.47 for the AEG individuals. MHD used an average rate of \$540.01 ((607.55 + 472.47) / 2) to calculate the savings.

MHD assumes no impact in FY 2024 due to the timing of obtaining a waiver for this legislation. The following savings (33.995% GR; 66.005% Federal) would only be realized if the estimated individuals did not comply with the work requirements and lost coverage. MHD would not realize these savings if these individuals did not lose MHN coverage.

FY24: Total savings – Up to \$0 (GR - \$0; Federal - \$0)

FY25: Total savings – Up to \$353,582,115 (GR - \$120,200,240; Federal - \$233,381,875)

FY26: Total savings – Up to \$372,675,549 (GR - \$126,691,053; Federal - \$245,984,496)

Oversight notes this proposal grants DSS the authority to seek a waiver for MO HealthNet work and community engagement requirements from DHHS, CMS. Oversight also notes the [Kaiser Family Foundation, Kaiser Health News \(KHN\)](#) reported that an [executive order](#) was issued on January 28, 2021, which mandates that DHHS “consider whether to suspend, revise, or rescind” the guidance, which has since been removed from the CMS website. CMS subsequently withdrew Medicaid work requirement waivers in all states that had approvals. KHN further reports that following those withdrawals, in April 2022 the Supreme Court dismissed pending appeals in cases that had found work requirement approvals unlawful.

Due to the variables and uncertainty of annual State Plan Amendment approvals, **Oversight** will reflect the estimates provided by DSS as a savings of “\$0 to Unknown” for the reduction of MO HealthNet coverage and a cost of “\$0 to (Unknown)” for potential penalties imposed by DHHS, CMS.

Officials from **OA, DSS/ITSD** state

Section 36(f) requires MO HealthNet participants age 19 through 64 to comply with work and community engagement requirements unless they are exempt. Updates to FAMIS and MEDES would be required for this section of the proposal.

Eligibility based on the new "work and community engagement requirements" for ages nineteen to sixty five if involving FAMIS will need changes. FAMIS has the basic infrastructure for these requirements (for SNAP) and it is possible to build on that, especially since the proposal refers to SNAP and TANF combo cases and the related eligibility requirements.

Oversight notes the FAMIS estimate includes costs to update the provisions for Sections 36(c) and 36(d) of this proposal as well as the costs for Section 36(f). Oversight also notes that the total MEDES costs for this proposal presented by ITSD is split 49.74% for Sections 36(c) and 36(d) and 50.26% for Section 36(f). Therefore, Oversight will present the FAMIS costs for Section (f) as \$34,650 (\$68,947 * 50.26%) in FY 2025, 100% GR.

OA, ITSD/DSS states, minimally, the following new functionality would be needed in MEDES:

- Additional browser pages in Curam for the referral process
- New batch jobs and multiple interfaces to Missouri Work Assistance to transmit referrals and receive feedback that indicates the individual has attended initial meeting, conducting job search, been employed, number of hours worked, cooperating or is not cooperating, address change, etc.
- Additional database tables and/or fields for indicators to identify mandatory participants and fields to identify employment, employment level or work program participation status
- Additional database tables and/or fields for status codes for exemptions and denial reasons for failure to cooperate
- Several additional notices (advise of work requirements, referral to work program, schedule consultation with client, notice of failure to cooperate, etc.)
- Multiple tracking and management reports

Modifications for the MEDES system for this section are estimated to take a total of 6,272 hours for a total cost of \$1,160,320; 100% GR in FY 2025 exclusively.

Therefore, the total FAMIS and MEDES upgrades for this section will cost \$1,194,970, 100% GR in FY 2025 exclusively.

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

Responses regarding the proposed legislation as a whole

Officials from **Office of the Secretary of State** each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$10 million based on the cost of the 2022 primary and general election reimbursements.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

For the FY24 petitions cycle, the SOS estimates publication costs at \$70,000 per page. This amount is subject to change based on number of petitions received, length of those petitions and rates charged by newspaper publishers.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, the SOS reserves the right to request funding to meet the cost of the publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

Oversight has reflected, in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2024. This reflects the decision made by the Joint Committee on Legislative Research that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2024 and the next scheduled general election is in November 2024 (both in FY 2025). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political

subdivisions in FY 2024. Oversight notes SOS' \$10 million estimate was increased from \$7 million in January 2023.

Officials from the **Department of Mental Health (DMH)** state this proposal would submit to voters for approval an amendment repealing Section 36(c) of Article IV of the Missouri Constitution which modifies the funding and appropriation for the Medicaid Expansion eligibility group so this group is only eligible if an appropriation is specifically made for that population. Other changes include work requirements for certain MO HealthNet participants and prohibiting payments for non-residents. The proposal adds a requirement that DSS submit an implementation plan annually. It also modifies the work requirements for eligibility and directs DSS to seek a work and community engagement demonstration waiver under section 1115 of the Social Security Act but does not clarify whether the rest of the amendment will go into effect without such waiver.

DMH states the exemptions to the work and community engagement requirements appear to carve out the DMH populations for those that are determined to be permanently or totally disabled including those within the Division of Behavioral Health and the Division of Developmental Disability. It does not carve out the DMH population of those in substance abuse treatment programs. DMH assumes participants in the substance abuse treatment programs will meet the work requirement criteria and still qualify for Medicaid. If this is the case, DMH assumes no impact. The anticipated fiscal impact to DMH for Comprehensive Psychiatric Rehab (CPR), Comprehensive Substance Treatment and Rehabilitation (CSTAR) Certified Community Behavioral Health Clinics (CCBHO) and Developmental Disabilities (DD) waiver services are included in the DSS estimate.

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 Health and Senior Services (DHSS)** and the **Office of Administration - Budget and Planning (B&P)** defer to the Department of Social Services (DSS) for the potential fiscal impact of this proposal.

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

Officials from the **Department of Economic Development**, the **Department of Higher Education and Workforce Development**, the **Missouri House of Representatives**, the **Missouri Senate**, the **Attorney General's Office**, the **Jackson County Board of Election Commissioners**, the **Platte County Board of Elections**, the **St. Louis City Board of Election Commissioners** and the **St. Louis County Board of Elections** 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 received from state agencies and political subdivisions; however, other local elections authorities, local public health agencies, nursing homes and hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in the MOLIS database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

| <u>FISCAL IMPACT – State Government</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
|--|----------------------------------|-----------------------------|-----------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Savings</u> – DSS, MHD (Article IV, Sections 36(c) and 36(d)) MHN coverage subject to appropriations pp. 3-4 | \$0 or \$0 to Unknown | \$0 or \$0 to Unknown | \$0 or \$0 to Unknown |
| <u>Savings</u> – DSS, MHD (Article IV, Section 36(f)) Reduction in state share of MO HealthNet expenditures from work and community engagement non-compliance drops p. 9 | \$0 | \$0 or Up to \$120,200,240 | \$0 or Up to \$126,691,053 |
| <u>Transfer Out</u> - SOS - reimbursement of local election authority election costs if a special election is called by the Governor p. 11 | \$0 or (More than \$10,000,000)* | \$0 | \$0 |
| <u>Costs</u> - OA, ITSD/DSS (Article IV, Sections 36(c) and 36(d)) pp. 4-5 | | \$0 or... | |
| FAMIS changes | \$0 | (\$17,149) | \$0 |
| MEDES changes | \$0 | (\$574,240) | \$0 |
| Total Costs - OA, ITSD/DSS | \$0 | (\$591,389) | \$0 |
| <u>Costs</u> – DSS, FSD (Article IV, Section 36(f)) pp. 8-9 | | \$0 or... | \$0 or... |
| Personal service | \$0 | (\$538,395) | (\$543,779) |
| Fringe benefits | \$0 | (\$367,852) | (\$369,816) |
| Equipment and expense | \$0 | (\$214,643) | (\$126,224) |
| Administrative costs for work activities | \$0 | (Up to \$29,381,000) | (Up to \$29,381,000) |
| Total Costs - DSS, FSD | \$0 | \$0 or (Up to \$30,501,890) | \$0 or (Up to \$30,420,819) |
| FTE Changes | 0 | 11 FTE | 11 FTE |

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| <u>FISCAL IMPACT – State Government (continued)</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
| <u>Costs</u> - OA, ITSD/DSS (Article IV, Section 36(f)) MEDES system changes p. 10 | | \$0 or... | |
| FAMIS changes | \$0 | (\$34,650) | \$0 |
| MEDES changes | \$0 | (\$1,160,320) | \$0 |
| Total <u>Costs</u> - OA, ITSD/DSS | \$0 | (\$1,194,970) | \$0 |
| <u>Loss</u> – DSS, MHD (Article IV, Sections 36(c) and 36(d)) MHN coverage subject to appropriations p. 3-4 | (\$0 to Unknown) | (\$0 to Unknown) | (\$0 to Unknown) |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND* | <u>Unknown to (Unknown) and could exceed</u> <u>(\$10,000,000)**</u> | <u>Unknown to (Unknown) and Up to</u> <u>\$87,911,991</u> | <u>Unknown to (Unknown) and Up to</u> <u>\$96,270,234</u> |
| Estimated Net FTE Change on the General Revenue Fund | 0 | 11 | 11 |
| * “Could exceed” end of range is based on a special election being held and potential program expenditures and OA, ITSD/DSS costs of implementation. | | | |
| **SOS has updated the estimated cost of a statewide special election after examining actual reimbursement costs for the General Primary and General Election during 2022. | | | |
| FEDERAL FUNDS | | | |
| <u>Income</u> - OA, ITSD/DSS (Article IV, Sections 36(c) and 36(d)) | \$0 | \$0 or \$591,389 | \$0 |

| | | | |
|---|---------------------|---------------------------------|---------------------------------|
| Reimbursement for system changes pp. 4-5 | | | |
| <u>Savings</u> – DSS (Article IV, Section 36(f)) Reduction in state share of MO HealthNet expenditures p. 9 | \$0 | \$0 or Up to \$233,381,875 | \$0 or Up to \$245,984,496 |
| | | | |
| | | | |
| | | | |
| | | | |
| <u>FISCAL IMPACT – State Government (continued)</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
| | | | |
| <u>Costs</u> - OA, ITSD/DSS (Article IV, Sections 36(c) and 36(d)) p. 4-5 | | \$0 or... | |
| FAMIS changes | \$0 | (\$17,149) | \$0 |
| MEDES changes | \$0 | (\$574,240) | \$0 |
| Total <u>Costs</u> - OA, ITSD/DSS | | \$0 or \$0 (\$591,389) | \$0 |
| | | | |
| <u>Loss</u> – DSS (Article IV, Section 36(f)) Reduction in state share of MO HealthNet expenditures p. 9 | \$0 | \$0 or Up to (\$233,381,875) | \$0 or Up to (\$245,984,496) |
| | | | |
| ESTIMATED NET EFFECT ON FEDERAL FUNDS* | | <u>\$0</u> | <u>\$0</u> |
| | | | |
| *Range is based on potential savings and losses of implementation. | | | |
| | | | |

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT – Local Government</u> | FY 2024 (10 Mo.) | FY 2025 | FY 2026 |
| | | | |
| LOCAL POLITICAL SUBDIVISIONS | | | |
| | | | |

| | | | |
|--|----------------------------------|-------------------|-------------------|
| <u>Transfer In - Local Election Authorities - reimbursement of election costs by the State for a special election p. 11</u> | \$0 or More than \$10,000,000* | \$0 | \$0 |
| <u>Costs - Local Election Authorities - cost of a special election if called for by the Governor p. 11</u> | \$0 or (More than \$10,000,000)* | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON THE LOCAL POLITICAL SUBDIVISIONS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| *SOS has updated the estimated cost of a statewide special election after examining actual reimbursement costs for the General Primary and General Election during 2022. | | | |

FISCAL IMPACT – Small Business

Missouri Constitution Article IV, Section 36 provisions could have a direct, negative fiscal impact on small health care providers or clinics that accept MO HealthNet payments if recipients lose benefits because money is not appropriated to fund the program.

Missouri Constitution Article IV, Section 36 provisions could have a direct, negative fiscal impact on small health care providers or clinics that accept MO HealthNet payments if recipients lose benefits because of not meeting the work requirements of the proposal. Yet it also may help small businesses that are looking for qualified applicants to fill vacant employment positions.

FISCAL DESCRIPTION

ELIGIBILITY DETERMINATION

This constitutional amendment, if approved by the voters, modifies provisions of current law expanding MO HealthNet eligibility to able-bodied adults up to 138% of the federal poverty level. This amendment repeals language prohibiting the use of restrictions or burdens on eligibility or enrollment standards for this population that exceed those of non-expansion MO HealthNet populations. Under this amendment, eligibility for MO HealthNet services under the expansion provision shall be determined each fiscal year based on specific appropriations made by the General Assembly.

Additionally, this amendment adds language specifying that nothing in the MO HealthNet expansion provision or any other provision of law shall be construed to mandate the appropriation of funds by the General Assembly for MO HealthNet services for the expansion

population. The General Assembly shall have the right to appropriate funds in a specified amount, or to not appropriate funds, at its discretion, for the MO HealthNet expansion population separate from other MO HealthNet populations.

In any given fiscal year, a MO HealthNet population, service, or type of provider shall only receive MO HealthNet benefits if an appropriation for that population, service, or type of provider is made in that fiscal year (Missouri Constitution Article IV, Section 36(c) and (d)).

RESIDENCY REQUIREMENT

The state shall not provide any payments, add-ons, or reimbursements to health care providers through MO HealthNet or medical assistance services to persons who are not considered Missouri residents under federal Medicaid regulations (Missouri Constitution Article IV, Section 36(e)).

WORK AND COMMUNITY ENGAGEMENT REQUIREMENT

Finally, this amendment requires, subject to approval of a waiver, able-bodied adult MO HealthNet participants, ages 19 to 64, to participate in work and community engagement requirements. Participants shall complete at least 80 hours a month of any combination of specified work, education, job search, child care, and volunteer services. The Department of Social Services shall provide reasonable accommodations for individuals with disabilities who are not otherwise exempt from the work and community engagement requirements under this amendment to ensure that the participants are able to comply with the requirements, including exemptions, modifications of hours, and the provision of necessary support services. MO HealthNet participants who shall not be required to comply with the work and community engagement requirements include:

- (1) those under 19 and over 64;
- (2) those who are medically frail, as defined in the amendment, including those with certain disabilities;
- (3) those who are pregnant or caring for a child under one year of age;
- (4) those who are primary caregivers of a dependent child under the age of six or a dependent adult; and
- (5) those who are also participants of Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program and are exempt from work requirements under those programs. The Department may permit further exemptions in areas of high unemployment, limited economies or educational opportunities, or lack of public transportation, or for good cause, as defined in this amendment (Missouri Constitution Article IV, Section 36(f)).

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

SOURCES OF INFORMATION

Attorney General's Office

Department of Economic Development

Department of Health and Senior Services

Department of Higher Education and Workforce Development

Department of Mental Health

Department of Social Services

Joint Committee on Administrative Rules

Missouri House of Representatives

Missouri Senate

Office of Administration - Budget and Planning

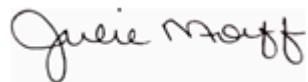
Office of the Secretary of State

Jackson County Board of Election Commissioners

Platte County Board Of Elections

St. Louis City Board of Election Commissioners

St. Louis County Board of Elections



Julie Morff

Director

January 31, 2023



Ross Strope

Assistant Director

January 31, 2023