

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0882-01
Bill No.: HB 466
Subject: Medicaid; Public Assistance; Disabilities; Health Care
Type: Original
Date: February 3, 2015

Bill Summary: This proposal changes the asset limits to qualify for MO HealthNet coverage to \$2,000 for a single person and \$4,000 for a married couple.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General	(\$18,888,567)	(\$23,089,016)	(\$23,527,707)
Total Estimated Net Effect on General Revenue	(\$18,888,567)	(\$23,089,016)	(\$23,527,707)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Various Other State Funds	(\$9,727,136)	(\$11,894,341)	(\$12,120,334)
Total Estimated Net Effect on Other State Funds	(\$9,727,136)	(\$11,894,341)	(\$12,120,334)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal*			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$60 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** provide the following:

§208.010 – Eligibility Determinations

The MO HealthNet Division (MHD) expects a fiscal impact because of changes to the resource limits. Higher cost will result from one group of Medicaid eligibles who currently receive limited medical benefits but will receive full Medicaid benefits under this legislation. New eligibles are also expected to enter the Medicaid program because of the change in eligibility rules.

The Family Support Division (FSD) identified the populations. The populations that are being proposed for full medical assistance are Qualified Medicare Beneficiary (QMB) and Specified Low-Income Medicare Beneficiary (SLMB). The other population or "new" is currently not receiving Medicaid services.

There are a total of 5,682 new cases estimated under this proposal including: 3,691 new cases (460 rejections + 9 closings + 3,222 unknown population); 877 QMB and 1,114 SLMB. Using FY 2014 data, a split was calculated between persons with disabilities and seniors for these new cases.

An annual cost per person was calculated for persons with disabilities and seniors using FY 2014 expenditures. Using the split and annual cost per person, a total cost was calculated for persons with disabilities (\$94,725,010) and seniors (\$5,774,882) for a total cost of \$100,499,892.

With the 877 QMB and 1,114 SLMB eligibles receiving full benefits, the total cost is reduced by (\$6,896,088) for a total cost of \$93,603,804.

To calculate the FY 16 cost, it is assumed there would only be 10 months of the total cost \$78,003,170 ($\$93,603,804 * (10/12)$). A 1.9% inflation factor was applied to FY 17 and FY 18.

The total costs for the new cases are:

FY 16 (10 months):	\$78,003,170 (GR \$18,882,087; Other \$9,727,136; Federal \$49,393,947);
FY 17:	\$95,382,276 (GR \$23,089,016; Other \$11,894,341; Federal \$60,398,919);
FY 18:	\$97,194,539 (GR \$23,527,707; Other \$12,120,334; Federal \$61,546,498).

ASSUMPTION (continued)

The DSS provided the Office of Administration (OA) , Information Technology Systems Division's (ITSD) assumptions as follows:

FAMIS (Family Assistance Management Information System) determines eligibility for multiple programs under the MO HealthNet benefits for Adults. Many of these programs have different limits when considered as a single participant versus being considered as a couple for eligibility determination purposes. These limits are controlled using values stored in Rules Tables. The actual costs associated with this proposal would relate to investigating what updates would be needed, applying these updates to the appropriate programs and then testing all of the possible scenarios that can occur in all of the FAMIS system environments.

Additionally, depending on the programs affected and the number of participants affected, FAMIS may have to create and mail onetime notices to all the impacted participants informing them of the changes. There might also be some changes needed on the existing notices that get mailed out.

Assumptions:

- o Additional hours over previous estimates are the result of the possible notices that may need to be generated and others that may need modifications.
- o All effort associated with these changes will be completed in FY 2016 (no impact beyond 2016).
- o Project Management Costs are automatically being added to the FAMIS estimates.
- o The production of the letters and actual postage costs will be determinable after the actual requirements have been gathered and the analysis done to determine the affected participants.
- o 160 hours of effort plus 12.8 hours of project management will be needed at the state rate of \$75/hr to complete the project.
- o Match rate for FAMIS is 50% GR and 50% Federal.

OA-ITSD Impact Response

§208.010.2(4) increases the resource limit to \$2,000 from \$1,000 for a single person and to \$4,000 from \$2,000 for a couple. This requires changes to table values in a rules table in FAMIS. The main effort for these changes will be in testing. Costs are estimated to be \$12,960 for FY 2016 (GR \$6,480; Federal \$6,480).

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
(\$208.010)			
<u>Costs - DSS-MHD</u>			
Increase in program expenditures	(\$18,882,087)	(\$23,089,016)	(\$23,527,707)
<u>Costs - OA-ITSD</u>			
FAMIS changes	(\$6,480)	\$0	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND			
	<u>(\$18,888,567)</u>	<u>(\$23,089,016)</u>	<u>(\$23,527,707)</u>
VARIOUS OTHER STATE FUNDS			
(\$208.010)			
<u>Costs - DSS-MHD</u>			
Increase in program expenditures	(\$9,727,136)	(\$11,894,341)	(\$12,120,334)
ESTIMATED NET EFFECT ON VARIOUS OTHER STATE FUNDS			
	<u>(\$9,727,136)</u>	<u>(\$11,894,341)</u>	<u>(\$12,120,334)</u>
FEDERAL FUNDS (\$208.010)			
<u>Income - DSS-MHD</u>			
Increase in program reimbursements	\$49,393,947	\$60,398,919	\$61,546,498
<u>Income - OA-ITSD</u>			
System change reimbursements	\$6,480	\$0	\$0
<u>Costs</u>			
Increase in program expenditures	(\$49,393,947)	(\$60,398,919)	(\$61,546,498)
System change expenditures	(\$6,480)	\$0	\$0
Total <u>Costs</u>	<u>(\$49,400,427)</u>	<u>(\$60,398,919)</u>	<u>(\$61,546,498)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

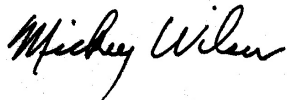
FISCAL DESCRIPTION

Changes the asset limits to qualify for MO HealthNet benefits to \$2,000 for a single person and \$4,000 for a married couple.

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 -
MO HealthNet Division
Office of Administration -
Information Technology Systems Division



Mickey Wilson, CPA
Director
February 3, 2015

Ross Strobe
Assistant Director
February 3, 2015