

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4719-02
Bill No.: HCS for HB 1566
Subject: Appropriations; Medicaid; Social Services Department
Type: Original
Date: March 15, 2004

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|-----------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| General Revenue | \$0 to \$758,565,165 | \$0 to \$792,674,676 | \$0 to \$828,348,484 |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 to \$758,565,165 | \$0 to \$792,674,676 | \$0 to \$828,348,484 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| Federal* | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

*Savings and loss of \$0 to over \$1,100,000,000 would net to \$0

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health (DMH)** state the state match that comes from the DMH budget is for Medicaid program services provided or purchased by the DMH, including those administered under cooperative agreements with the Division of Medical Services. DMH manages these dollars within appropriated limits.

If appropriations would be reduced, services available to this group would be reduced or the number of clients served would be reduced as only those services for which appropriations are received will be delivered.

Assuming that DMH appropriations remain at sufficient levels to continue existing Medicaid programs, the fiscal impact is zero.

Officials from the **Department of Health and Senior Services (DOH)** assume if Medicaid services were not funded, the 1,670 individuals enrolled in the Special Health Care Needs (SHCN) programs may look to DOH to fully pay for treatment services now covered by Medicaid. The fiscal impact to the program for treatment services for these participants no longer eligible for Medicaid is unknown.

ASSUMPTION (continued)

In addition, DOH assumes it could lose Medicaid reimbursement in the amounts of \$73,384 for Pregnant Women Case Management, \$82,538 for Well Child Outreach, \$1,067,093 for Healthy Children and Youth (HCY), \$142,550 for Head Injury Case Management, \$42,084 for Physical Disabilities Waiver (PDW) Case Management and \$15,000 for Non-emergency Transportation. In order for services provided under these reimbursements to continue, additional general revenue totaling \$1,422,649 would be needed.

DOH states since the language in the proposal is permissive, it is impossible to determine which programs will be funded and which will not. Therefore, the DOH states the fiscal impact on the DOH is unknown.

Oversight will present a savings of \$0 to \$1,422,649 which is the federal portion and \$0 to \$948,433 for General Revenue. This is the savings for all of DOH Medicaid recipients excluding the SHCN programs.

Officials from the **Office of Attorney General (AGO)** assume that limiting the eligibility of the Medicaid benefit would result in an increased number of appeals. AGO assumes because it represents the Department of Social Services in defending agency decisions, it may need additional attorneys and support staff, based on the number of appeals that might result from any decrease in amounts appropriated. AGO assumes that it would need three attorneys and one support staff to assist in the appeals process.

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state the proposal requires the following eligibility groups and services to be subject to appropriation. A cost savings is assumed if funding is not appropriated for a group of eligibles or for a medical assistance benefit.

DMS states the projection for each grouping is based on FY 03 expenditures and adjusted for a 4.5% annual inflation rate (standard fiscal note trend for medical care).

Section 208.146.

DMS states persons made eligible for medical assistance benefits pursuant to the federal Ticket to Work and Work Incentives Improvement Act of 1999 by the Department of Social Services will only be eligible for these benefits if annual appropriations are made. The projected cost savings for FY05 is \$0 to \$85,586,855.

Section 208.151.

Needy persons who comply with Title XIX, Public Law 89-97, 1965 amendments to the federal

ASSUMPTION (continued)

Social Security Act (42 U.S.C. Section 301 et seq.) will only be eligible for these benefits if annual appropriations are made. The projected cost savings for FY05 is \$0 to \$344,335,453.

Section 208.152.

Any person who is eligible for any other optional medical benefits provided by the Department of Social Services will only be eligible for these benefits if annual appropriations are made. The projected cost savings for FY05 is \$0 to \$1,870,246,297. The projected cost savings include optional services for mandatory eligibility group.

Section 208.631.

Persons made eligible for health care for uninsured children will only be eligible for these benefits if annual appropriations are made. The projected cost savings is \$0 to \$105,756,064.

DMS notes that the amounts represented in these four sections are duplicative. This is because some of the dollars represent groups of eligibles and some dollars represent services for these eligibles. DMS is not able to unduplicate the savings. Rather than add the four cost savings together which would overstate the savings, **Oversight** will present the largest savings (Section 208.152) which may be understating the savings.

FISCAL IMPACT - State Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

GENERAL REVENUE

Savings - Department of Health and
Senior Services

Program Savings

\$0 to \$948,433

\$0 to \$991,112

\$0 to
\$1,035,712

Savings - Department of Social Services -
Division of Medical Services

Program Savings - Section 208.152

\$0 to
\$757,756,835

\$0 to
\$791,855,892

\$0 to
\$827,489,407

Costs - Office of Attorney General

| | | | |
|---|--------------------|--------------------|--------------------|
| Personal Services (4 FTE) | (\$99,083) | (\$121,873) | (\$124,919) |
| Fringe Benefits | <u>(\$41,020)</u> | <u>(\$50,455)</u> | <u>(\$51,716)</u> |
| <u>Total Costs</u> - Office of Attorney General | <u>(\$140,103)</u> | <u>(\$172,328)</u> | <u>(\$176,635)</u> |

**ESTIMATED NET EFFECT ON
GENERAL REVENUE**

| | | |
|----------------------|----------------------|----------------------|
| <u>\$0 to</u> | <u>\$0 to</u> | <u>\$0 to</u> |
| <u>\$758,565,165</u> | <u>\$792,674,676</u> | <u>\$828,348,484</u> |

FEDERAL

Savings - Department of Health and
Senior Services

| | | | |
|-----------------|-------------|-------------|-------------|
| Program Savings | \$0 to | \$0 to | \$0 to |
| | \$1,422,649 | \$1,486,668 | \$1,553,568 |

Savings - Department of Social Services -
Division of Medical Services

| | | | |
|-----------------------------------|-----------------|-----------------|-----------------|
| Program Savings - Section 208.152 | \$0 to | \$0 to | \$0 to |
| | \$1,112,489,462 | \$1,162,551,488 | \$1,214,866,305 |

Loss Department of Health and Senior
Services

| | | | |
|-----------------------|--------------|--------------|--------------|
| Program Reimbursement | (\$0 to | (\$0 to | (\$0 to |
| | \$1,422,649) | \$1,486,668) | \$1,553,568) |

Loss Department of Social Services -
Division of Medical Services

| | | | |
|-----------------------|------------------|------------------|------------------|
| Program Reimbursement | (\$0 to | (\$0 to | (\$0 to |
| | \$1,112,489,462) | \$1,162,551,488) | \$1,214,866,305) |

**ESTIMATED NET EFFECT ON
FEDERAL**

| | | |
|------------|------------|------------|
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|------------|------------|------------|

FISCAL IMPACT - Local Government

| | | |
|---------------------|---------|---------|
| FY 2005 (10 Mo.) | FY 2006 | FY 2007 |
|---------------------|---------|---------|

| | | |
|------------|------------|------------|
| <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.

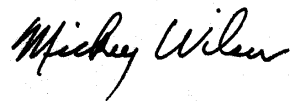
DESCRIPTION

This proposal states that persons made eligible for medical assistance benefits pursuant to the federal Ticket to Work and Work Incentives Improvement Act of 1999, needy persons who comply with Title XIX, Public Law 89-97, 1965 amendments to the federal Social Security Act (42 U.S.C. Section 301 et seq.), and any person who is eligible for any other optional medical benefits provided by the Department of Social Services will only be eligible for these benefits if annual appropriations are made. The substitute will not apply to classes of individuals listed in 42 U.S.C. Section 1396a(a)(10)(A)(i). The proposal also makes technical corrections to references that have become obsolete.

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 Mental Health
Department of Health and Senior Services
Department of Social Services



Mickey Wilson, CPA
Director
March 15, 2004