

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5032-04
Bill No.: HCS for HB 1868
Subject: Insurance - Medical; Medicaid; Social Services Department
Type: Original
Date: April 12, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Greater than \$169,500)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Greater than \$169,500)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</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 2007	FY 2008	FY 2009
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of approximately \$40,500 in FY07 would net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri House of Representatives, Missouri Senate, and Office of the Governor** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Health and Senior Services (DOH)** state the proposal would not be expected to fiscally impact the operations of the DOH. If a fiscal impact were to result, funds to support the program would be sought through the appropriations process.

Officials from the **Department of Mental Health (DMH)** assume the Department of Social Services would be responsible for providing the reports required in this proposal, including clients of DMH. Therefore, DMH assumes this proposal would not fiscally impact their agency.

Officials from the **Department of Social Services - Information Technology and Services Division (ITSD)** assumes that employer information will have to be validated. This estimate includes the hours required to research and develop the processes needed for the capture and validation of said data, in addition to the data sharing agreements across agencies.

ASSUMPTION (continued)

In order to implement this proposal, ITSD states the following efforts will be required.

- (1) Conduct analysis and design to modify the existing Income Maintenance systems to capture and report employer information.
- (2) Develop the necessary processes to validate employer information.
- (3) Modify existing Income Maintenance database records to store information for each employer.
- (4) Develop new Income Maintenance transactions for the caseworkers to enter and maintain employer data.
- (5) Modify existing Income Maintenance transactions that will allow entry of those individuals employed by the select employers.
- (6) Develop the necessary requirements and format to provide this report on or before July 01 of each year to the General Assembly as well as to the Department of Social Services Internet site.
- (7) Work with each Agency and program area to fully test the entire spectrum of functionality for this system enhancement prior to its implementation.
- (8) No additional equipment or FTE staff would be needed to complete this effort.

The estimate for the above portion of this effort is 1,800 hours. Depending on the implementation date, two contract developers @ \$75.00 per hr for approximately 5 months in addition to one ITSD Database Administrator for an additional 240 hours would be needed to design, code, test and implement this requirement.

Officials from the **Department of Social Services - Family Support Division (FSD)** state as a routine part of their job, Income Maintenance caseworkers within FSD currently collect data regarding the employer's name and location for each Medicaid beneficiary or any adult who is responsible for providing all or some of the proposed beneficiary's support. The data is collected at the time of application and updated at each subsequent reinvestigation of the household's circumstances. The passage of this proposal would increase the workload of caseworkers by requiring the caseworkers to obtain additional information from applicants at the time of registration, such as hours worked, employer insurance premium amounts and the portion of premium cost paid by the employer. FSD would absorb the increased workload.

Currently, applicant information is entered in both the FAMIS and Legacy systems depending on the type of assistance requested by the claimant. Medicaid applications are currently registered in the Legacy system but this process is scheduled to change very soon, with some of the Medicaid programs transitioning to FAMIS within the next year. Eventually, all Medicaid applications will be registered in the FAMIS system only. Therefore, it is necessary for both

ASSUMPTION (continued)

systems to be updated to capture the information required in this legislation.

The employer information would be compiled annually by Department of Social Services – Research and Evaluation into a report for transmittal to the General Assembly. The report would also be made available to the public on the Department of Social Services Internet website.

FSD anticipates that changes to the online data collection system through the Information Technology and Services Division (ITSD) and FAMIS would be required to track and compile employer information as outlined in this legislation. ITSD is determining the fiscal impact of the systems for Legacy changes and is including the cost in their write-up. FAMIS personnel estimate the cost for system changes to take 750 hours @ a cost of \$100 per hour.

FSD states if the intent of this legislation is to provide a report of all employers with more than fifty employees, FSD expects that the costs could be substantial; however, FSD is unsure what the fiscal impact would be on FSD. If the intent is to only report on those employers with more than fifty employees of which one or more are Medicaid beneficiaries, then the fiscal impact would be \$75,000. Since the intent is unknown, FSD is assuming the fiscal impact as unknown greater than \$75,000.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
---	---------------------	---------	---------

GENERAL REVENUE

Costs - Department of Social Services -
 Information Technology and Systems
 Division

Program Costs	(\$94,500)	\$0	\$0
---------------	------------	-----	-----

Costs - Department of Social Services -
 Family Support Division

Program Costs	(<u>Greater than \$75,000</u>)	<u>\$0</u>	<u>\$0</u>
---------------	--------------------------------------	------------	------------

**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

(<u>Greater than \$169,500</u>)	<u>\$0</u>	<u>\$0</u>
---------------------------------------	------------	------------

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
FEDERAL			
Income - Department of Social Services			
Program reimbursements	\$40,500	\$0	\$0
Costs - Department of Social Services - Information Technology and Systems Division			
Program Costs	<u>(\$40,500)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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 establishes the Health Care Responsibility Act which requires applicants for Missouri Medicaid Program benefits to identify their employers. If an applicant is not employed, the individual must identify the employer of any adult who is responsible for providing his or her support. "Employer" includes all private employers, the state of Missouri, and any political subdivision of the state. The applicant must state whether the beneficiary was receiving medical assistance under this chapter and Titles XIX and XXI of the federal Social Security Act, as amended, prior to employment; and whether the beneficiary is a full-time, part-time, or seasonal employee.

The Department of Social Services must submit an annual report to the Governor and General Assembly within 30 days of the end of each calendar year, beginning with 2007. The report must provide information on each employer who has more than 50 employees. For each employer, the report must identify the employer's name and address; the number and percentage of Medicaid

DESCRIPTION (continued)

beneficiaries, which shall be listed as a percentage of the qualified employer's workforce; number of beneficiaries who are spouses or dependents of employees; whether the employer offers health insurance benefits to full-time and part-time employees and, if offered, the level of premium subsidies; whether the employer receives health insurance benefits through the company; the state's cost of providing Medicaid benefits for the employer's employees and enrolled dependents; and the employer of the Medicaid beneficiary upon termination of medical assistance under this chapter and Titles XIX and XXI of the federal Social Security Act.

The report shall make industry-wide comparisons by sorting employers into industry-sector categories

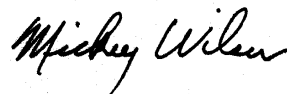
The department shall verify for each reporting period that each Medicaid beneficiary remains employed by the qualified employer under which the Medicaid beneficiary was listed for the previous reporting period.

If a Medicaid beneficiary lists more than one employer, the beneficiary shall be counted as one-half of one person for each employer.

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 Health and Senior Services
Office of the Governor
Missouri House of Representatives
Missouri Senate
Department of Mental Health



Mickey Wilson, CPA
Director
April 12, 2006