

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0900-01  
Bill No.: HB 293  
Subject: Children and Minors; Health Care; Insurance-Medical  
Type: Original  
Date: February 9, 2009

---

Bill Summary: This legislation expands the awareness efforts for the state's health insurance for uninsured children program by requiring distribution of information to parents and guardians at the time of enrollment in school.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$3,825,094)	(\$4,647,142)	(\$4,847,703)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$3,825,094)</b>	<b>(\$4,647,142)</b>	<b>(\$4,847,703)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and costs of approximately \$10,410,296 in FY10, \$12,904,987 in FY11 and \$13,477,150 in FY12 would net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	11 FTE	11 FTE	11 FTE
Federal	11 FTE	11 FTE	11 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>22 FTE</b>	<b>22 FTE</b>	<b>22 FTE</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 208.650:**

Officials from the **Department of Elementary and Secondary Education** does not anticipate significant costs to local school districts distributing the required information; however, DESE defers to the local school districts regarding the amount of any costs.

Officials from the **Francis Howell School District** assume the proposal would have no fiscal impact on their agency. The state would need to provide the written documents that the school would distribute.

Officials from the **Department of Social Services - MO HealthNet Division** assume increased utilization is expected as a result of this legislation. The Family Support Division (FSD) estimates that 8,494 additional children will enroll in S-CHIP (2,293 will not pay premiums and 6,201 will pay premiums). Based on YTD FY 09 actual expenditures, the average monthly cost per S-CHIP eligible is \$177.46. The cost per eligible includes \$7.04 for the Department of Mental Health services.

The cost calculation was divided into two groups - non-premium and premium. The cost for the non-premium participants was found by multiplying the cost per eligible of \$177.46 by 2,293 children for a monthly cost of \$406,916. The monthly cost was multiplied by the number of months in a year to arrive at the annual cost of \$4,882,992.

The cost for the premium group was found by multiplying the cost per eligible of \$177.46 by 6,201 for a monthly cost of \$1,100,429. The state's cost will be reduced by premiums collected. The current monthly average premium collected per eligible is \$32.04. The average premium was multiplied by the number of children who will pay a premium to get the monthly amount of \$198,680. The monthly premiums were subtracted from the monthly cost to arrive at the state's monthly cost of \$901,749. The monthly cost was multiplied by the number of months in the year to arrive at the annual cost of \$10,820,988.

The total monthly cost of both groups is \$1,308,665 (\$901,749 + \$406,916). The total annual cost is \$15,703,980.

The federal match received for the S-CHIP program is 75.16%.

ASSUMPTION (continued)

Costs for FY 10 are for ten months.

For FY10, the fiscal impact is \$13,086,650 (\$3,250,724 GR). A trend factor of 4.5% is applied to FY10 and FY11 costs; therefore, the fiscal impact for FY11 is projected at \$16,410,659 (\$4,076,407 GR), and the fiscal impact for FY12 is projected at \$17,149,139 (\$4,259,846 GR).

**Oversight** notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures.

Officials from the **Department of Social Services - Family Support Division (FSD)** state that according to the US Census website, there are 396 public school districts in Missouri. In the 2007 school year, 1,029,599 children were enrolled in Missouri's public schools in Kindergarten through 12th grade. This legislation would require that the FSD provide written information on MO HealthNet eligibility and application procedures to the parents or guardians of each student. Local FSD offices would receive new applications or an increase in applications due to this legislation.

FSD estimates that there would be 8,494 new children added to MO HealthNet. FSD determined new children in this manner:

Of the 1,029,599 children enrolled in school, 15% or 154,440 are uninsured. Of the uninsured, 55% or 84,942 are in households with income under 300% FPL.

FSD estimates that 10% or 8,494 children will apply and be found eligible.

FSD estimates the cost of providing each public school district with information for the parents/guardians of each student would cost \$38,344. FSD determined the cost in this manner: Per the Office of Administration State Printing Department, the higher the quantity of a print job, the lower the price. Printing one million applications comes to \$36,824.06. Printing an additional thirty thousand would cost \$1,519.83 for a grand total of \$38,343.89.

FSD will need 17 new Eligibility Specialists to handle the new cases for rejections and closings (based on caseload standard of 243). Assuming most households have two children FSD divided 8,494 by 2, coming up with 4,247 new cases ( $4,247 \div 243 = 17$ ).

ASSUMPTION (continued)

Based on a 10 to 1 ratio, 2 Eligibility Supervisors will be needed ( $17 \div 10 = 2$  rounded up from 1.7). A clerical staff is needed for every 6 Professional Staff, so FSD would need 3 additional OSA's.  $17 \text{ Eligibility Specialists} + 2 \text{ Eligibility Sup} = 19 \div 6 = 3 \text{ OSA's}$

**Oversight** notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The FMAP used in the DOS response is a 50/50 split between General Revenue Funds and Federal Funds

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Social Services</u>			
Personal Service - FSD	(\$265,515)	(\$328,308)	(\$338,157)
Fringe Benefits - FSD	(\$129,120)	(\$159,656)	(\$164,446)
Equipment and Expense - FSD	(\$179,735)	(\$82,771)	(\$85,254)
Program Costs - MHD	<u>(\$3,250,724)</u>	<u>(\$4,076,407)</u>	<u>(\$4,259,846)</u>
<u>Total Costs - DSS</u>	<u>(\$3,825,094)</u>	<u>(\$4,647,142)</u>	<u>(\$4,847,703)</u>
FTE Change - DSS	11 FTE	11 FTE	11 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$3,825,094)</u></b>	<b><u>(\$4,647,142)</u></b>	<b><u>(\$4,847,703)</u></b>
Estimated Net FTE Change for General Revenue Fund	11 FTE	11 FTE	11 FTE

## **FEDERAL FUNDS**

### Income - Department of Social Services

Federal Assistance	\$10,410,296	\$12,904,987	\$13,477,150
--------------------	--------------	--------------	--------------

### Costs - Department of Social Services

Personal Service - FSD	(\$265,515)	(\$328,308)	(\$338,157)
------------------------	-------------	-------------	-------------

Fringe Benefits - FSD	(\$129,120)	(\$159,656)	(\$164,446)
-----------------------	-------------	-------------	-------------

Equipment and Expense - FSD	(\$179,735)	(\$82,771)	(\$85,254)
-----------------------------	-------------	------------	------------

Program Costs - MHD	(\$9,835,926)	(\$12,334,252)	(\$12,889,293)
---------------------	---------------	----------------	----------------

<u>Total Costs - DSS</u>	<u>(\$10,410,296)</u>	<u>(\$12,904,987)</u>	<u>(\$13,477,150)</u>
--------------------------	-----------------------	-----------------------	-----------------------

FTE Change - DSS	11 FTE	11 FTE	11 FTE
------------------	--------	--------	--------

### **ESTIMATED NET EFFECT ON FEDERAL FUNDS**

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

Estimated Net FTE Change for Federal  
Funds

11 FTE	11 FTE	11 FTE
--------	--------	--------

### FISCAL IMPACT - Local Government

FY 2010  
(10 Mo.)

FY 2011

FY 2012

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

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

## FISCAL DESCRIPTION

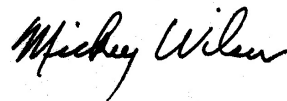
### **Section 208.650:**

The proposed legislation requires the Department of Social Services to provide all public school districts with information about eligibility criteria and application procedures for the state's health insurance program for uninsured children. The districts are to distribute this information to parents and guardians at the time of school enrollment.

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 Elementary and Secondary Education  
Department of Social Services  
Francis Howell School District



Mickey Wilson, CPA  
Director  
February 9, 2009