

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4770-01
Bill No.: HB 2123
Subject: Medicaid; Dentists; Department of Social Services
Type: Original
Date: April 14, 2010

Bill Summary: This legislation authorizes the MO HealthNet Division to implement a statewide dental delivery system.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0 to (\$2,434,205)	\$0 to (\$3,029,125)	\$0 to (\$3,141,202)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$2,434,205)	\$0 to (\$3,029,125)	\$0 to (\$3,141,202)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and cost would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 208.152:

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** states the DMH does pay for dental services on behalf of a limited number of DMH consumers. Better access to dental services could benefit DMH consumers; however, any savings to DMH would be minimal.

Officials from the **Department of Social Services** states the proposed legislation amends Section 208.152.1. (21). Section 208.152.1. (21) makes all prescribed medically necessary dental services a covered service for all eligibles.

Under the Administrative Services Only (ASO) model, a single entity would enter into an agreement with the Mo HealthNet Division (MHD) to administer the program. The contractor would be responsible and reimbursed for setting up a network of dental providers, fielding provider and client complaints, providing quality assurance, and handling other administrative work. This arrangement would be a new cost to the MHD. Projected Per Member Per Month (PMPM) cost is \$.54/month.

The current count of Medicaid eligible - adults and children is 895,371.

MHD assumes current Medicaid eligibles would receive dental services at current coverage-children, pregnant women, blind persons and nursing facility residents will have full coverage and all others have a limited dental package of prescribed medically necessary services.

The annual cost is \$5,802,012 ($895,371 \times \0.54×12). Since all eligibles would receive services under this model, the current dental administration for managed care eligibles (\$366,340) has been subtracted to arrive at the additional cost \$5,435,672 ($\$5,802,012 - \$366,340$).

A 7% increase in utilization is expected. The FY 09 dental payments were multiplied by 7% to arrive at the projected increase of \$2,521,414.

Projected annual cost: $\$5,435,672 + \$2,521,414 = \$7,957,086$.

A 3.7% trend was added to FY 12 and FY 13.

SEC:LR:OD (12/02)

ASSUMPTION (continued)

FY 11 (10 months): \$6,630,905 (\$2,434,205 GR); FY12: \$8,251,498 (\$3,029,125 GR) and FY 13: \$8,556,803 (\$3,141,202 GR).

The cost is shown as a range from zero to the maximum cost because the language in the legislation is permissive.

Also, the total fiscal impact assumes that all Medicaid recipients--both those with a full benefit package and those with a limited dental package--would be enrolled in the ASO model. There are 532,334 individuals with a full dental benefit package. If only those with the full package were enrolled in the ASO, the annual cost would be reduced to \$5,209,867.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Costs</u> - Department Social Services			
Program Costs	\$0 to <u>(\$2,434,205)</u>	\$0 to <u>(\$3,029,125)</u>	\$0 to <u>(\$3,141,202)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 to</u> <u>(\$2,434,205)</u>	<u>\$0 to</u> <u>(\$3,029,125)</u>	<u>\$0 to</u> <u>(\$3,141,202)</u>
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services			
Federal Assistance	\$0 to \$4,196,700	\$0 to \$5,222,373	\$0 to \$5,415,601
<u>Costs</u> - Department of Social Services			
Program Costs	\$0 to <u>(\$4,196,700)</u>	\$0 to <u>(\$5,222,373)</u>	\$0 to <u>(\$5,415,601)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2011
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

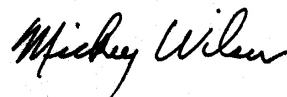
Section 208.152:

This legislation authorizes the MO HealthNet Division within the Department of Social Services to implement a statewide dental delivery system to ensure the participation of and access to dental health care providers in all areas of the state. The Division may have a third party experienced in the administration of dental benefits to manage the program under the supervision of the Division.

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



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Director
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