

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1898-01
Bill No.: HB 731
Subject: Medicaid; Children and Minors
Type: Original
Date: April 5, 2013

Bill Summary: This proposal extends MO HealthNet eligibility to persons up to 26 years of age if the persons were in foster care at the age of 18.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$1,108,195)	(\$1,507,145)	(\$1,567,431)
Total Estimated Net Effect on General Revenue Fund	(\$1,108,195)	(\$1,507,145)	(\$1,567,431)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Other State	(\$769,465)	(\$1,046,473)	(\$1,088,332)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$769,465)	(\$1,046,473)	(\$1,088,332)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)** state based on the number of children in foster care who are 20 years old (376), the DSS expects to provide coverage for 1,880 new people (estimated 376 people per year ages 21 -26). The cost per month of care averages \$291, resulting in a monthly cost of \$547,080 and an annual cost of \$6,564,960 (\$547,080 X 12) to cover 21- 26 year-olds who have aged out of foster care.

FY 14 is 9 months coverage ($\$6,564,960/12 = \$547,080$ monthly cost x 9 months = \$4,923,720). FY 15 and FY 16 include an inflationary increase of 4% on a **calendar year basis**.

$[\$6,564,960/2 = \$3,282,480; (\$3,282,480 \times 1.04\% = \$3,413,779); \$3,282,480 + \$3,413,779 = \$6,696,259 \text{ for FY 15}]$;

FY 16 = $\$6,696,259 \times 1.04\% = \$6,964,110$.

The funding for FY 14 through FY 17 is split using the FMAP match rate (61.865%); however, if Medicaid expansion should pass, then there would be no impact to state funds as the program would be 100% federally funded for FY 14 through FY 16.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (9 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Costs - DSS</u>			
MO HealthNet coverage for 21-26 year old foster care children	<u>(\$1,108,195)</u>	<u>(\$1,507,145)</u>	<u>(\$1,567,431)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$1,108,195)</u>	<u>(\$1,507,145)</u>	<u>(\$1,567,431)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2014 (9 Mo.)	FY 2015	FY 2016
OTHER STATE FUNDS			
<u>Costs - DSS</u>			
MO HealthNet coverage for 21-26 year old foster care children	<u>(\$769,465)</u>	<u>(\$1,046,473)</u>	<u>(\$1,088,332)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(\$769,465)</u>	<u>(\$1,046,473)</u>	<u>(\$1,088,332)</u>
FEDERAL FUNDS			
<u>Income - DSS</u>			
Program reimbursements	\$3,046,060	\$4,142,641	\$4,308,347
<u>Costs - DSS</u>			
Program expenditures	<u>(\$3,046,060)</u>	<u>(\$4,142,641)</u>	<u>(\$4,308,347)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2014 (10 Mo.)	 FY 2015	 FY 2016
	<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

This proposal expands MO HealthNet benefit eligibility to a person who is in foster care on his or her eighteenth birthday and is less than 26 years of age, is not eligible for coverage under another mandatory coverage group, and was not covered by Medicaid while in foster care.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Social Services -
Division of Finance and Administrative Services

A handwritten signature in black ink, appearing to read "Ross Strobe".

Ross Strobe
Acting Director
April 5, 2013