

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5084-01
Bill No.: HB 1223
Subject: Health Care; Disabilities; Elderly
Type: Original
Date: January 22, 2014

Bill Summary: This proposal changes the asset limits to qualify for MO HealthNet benefits to \$5,000 for a single person and \$10,000 for a married couple.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(\$37,344,864)	(\$46,113,438)	(\$47,450,728)
Total Estimated Net Effect on General Revenue Fund	(\$37,344,864)	(\$46,113,438)	(\$47,450,728)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Other	(\$19,238,264)	(\$23,755,408)	(\$24,444,315)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$19,238,264)	(\$23,755,408)	(\$24,444,315)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$119 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** provide the following assumptions:

\$208.010 - Increase in asset limits:

MHD expects a fiscal impact because of changes to the resource limits. Higher cost will result from one group of Medicaid eligibles who currently receive limited medical benefits but will receive full Medicaid benefits under this legislation. New eligibles are also expected to enter the Medicaid program because of the change in eligibility rules.

The Family Support Division (FSD) identified the populations. The populations that are being proposed for full medical assistance are Qualified Medicare Beneficiary (QMB) and Specified Low-Income Medicare Beneficiary (SLMB). The other population or "new" is currently not receiving Medicaid services.

There are a total of 11,597 new cases [(7,710 new cases made up of 2,334 rejections + 240 closings + 5,136 unknown population) + 1,577 QMB and 2,310 SLMB which will receive expanded benefits].

The total costs for the new cases are:

FY 15 (10 months):	\$153,321,034 (\$37,344,864 GR; \$19,238,264 Other; \$96,737,906 Federal)
FY 16:	\$189,320,813 (\$46,113,438 GR; \$23,755,408 Other; \$119,451,967 Federal)
FY 17:	\$194,811,117 (\$47,450,728 GR; \$24,444,315 Other; \$122,916,074 Federal)

Officials from the **DSS - Family Support Division (FSD)** state the FSD has determined there would be a total of 11,597 new cases for the MO HealthNet for the Aged, Blind, and Disabled (MHABD) program(s) if the resource limits are increased as proposed.

The FSD arrived at 11,597 new cases in this manner:

In SFY13, the FSD rejected 7,433 MO HealthNet (MHN) applications due to resources. Of these rejected applications, 5,622 were rejected for all FSD/MO HealthNet programs. The remaining 1,811 (7,433-5,622) cases were eligible for Qualified Medicare Beneficiary (QMB)/Specified Low-income Medicare Beneficiary (SLMB), which have higher resource limits, and are included in the QMB/SLMB population below. The FSD estimates that 2,334 of the 5,622 applications rejected for all FSD/MO HealthNet programs would be eligible if the resource limit was increased.

ASSUMPTION (continued)

In SFY13, the FSD closed 1,137 MHN for the Aged, Blind, and Disabled cases due to resources. Of these closed cases, 267 were not eligible for other MHN programs. The remaining 870 cases (1,137-267) were eligible QMB/SLMB and are included in the QMB/SLMB population below. The FSD estimates that 240 of the 267 cases closed and not eligible for other MHN programs would be eligible if the resource limit was increased.

The FSD would also see an increase in MHN eligibles from the QMB/SLMB population. In SFY13 there was an average of 4,025 QMB persons. Of these, 3,826 live alone and 199 live with a spouse. Of those living alone, 1,469 would be eligible if the resource limit was increased. Of those living with a spouse, 108 would be eligible.

Total new MHN cases from QMB:
 $1,469 + 108 = 1,577$

In SFY13 there was an average of 10,798 SLMB persons. Of these, 9,059 live alone and 1,739 live with a spouse. Of those living alone, 1,875 would be eligible if the resource limit was increased. Of those living with a spouse, 435 would be eligible.

Total new MHN cases from SLMB:
 $1,875 + 435 = 2,310$

The FSD anticipates an increase in applications as the result of the increased resource limits. These applications would come from a previously unknown population who currently chooses not to apply due to the current resource limits. According to U.S. Census Bureau data, 51,364 uninsured Missouri individuals, age 19 or above, have a disability. If 10% of these individuals were to apply and be found eligible for MHN benefits, the FSD would see an increase of 5,136 ($51,364 \times 10\%$) new MHN cases as the result of the increased resource limits.

Total new cases:

2,334 (rejections)
240 (closings)
1,577 (QMB)
2,310 (SLMB)
5,136 (unknown population)
11,597 new MHN cases

The FSD assumes existing staff will be able to complete necessary additional work as a result of this proposal.

ASSUMPTION (continued)

The FSD assumes OA-ITSD will include the Family Assistance Management Information System (FAMIS) programming costs for the system changes as well as the system generated notice needed to implement provisions of this proposal in their response.

Therefore, there is no fiscal impact to the Family Support Division.

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD)/DSS** state this proposal would require changes to FAMIS which include:

- 1) Updating rules table with new resource maximum values. This will require 1 hour from a state staff member for all environments. This also includes update of technical specification documents.
- 2) Projecting 38 hours of effort for unit and systems test by contract staff.

All effort associated with these changes will be completed in FY15 (no impact beyond 2015).

39 hours of effort will be completed at the state staff rate of \$63.04/hr. **Total Cost:** 39 hrs X \$63.04 = \$ 2,458.56. Match rate for FAMIS is 50% GR and 50% Federal (\$1,229 GR; \$1,230 Federal).

Oversight assumes OA-ITSD/DSS can absorb the minimal programming costs within existing appropriation levels.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs - DSS-MHD (§208.010)</u>			
Increase in program costs due to change in asset limits	<u>(\$37,344,864)</u>	<u>(\$46,133,438)</u>	<u>(\$47,450,728)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$37,344,864)</u>	<u>(\$46,133,438)</u>	<u>(\$47,450,728)</u>
OTHER STATE FUNDS			
<u>Costs - DSS-MHD (§208.010)</u>			
Increase in program costs due to change in asset limits	<u>(\$19,238,264)</u>	<u>(\$23,755,408)</u>	<u>(\$24,444,315)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(\$19,238,264)</u>	<u>(\$23,755,408)</u>	<u>(\$24,444,315)</u>
FEDERAL FUNDS			
<u>Income - DSS-MHD (§208.010)</u>			
Increase in program reimbursements	\$96,737,906	\$119,451,967	\$122,916,074
<u>Costs - DSS (§208.010)</u>			
Increase in program expenditures	<u>(\$96,737,906)</u>	<u>(\$119,451,967)</u>	<u>(\$122,916,074)</u>
ESTIMATED NET EFFECT ON THE FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal will have a fiscal impact on small business health care providers that accept Medicaid as more individuals qualifying for Medicaid will seek and receive healthcare services.

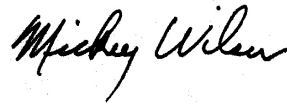
FISCAL DESCRIPTION

This proposal modifies the amount of cash, securities, or other total non-exempt assets an aged or disabled participant is allowed to retain in order to qualify for MO HealthNet benefits. Currently the limit for a single person is \$1,000 and the limit for a married couple is \$5,000. This proposal increases the limit to \$5,000 for a single person and \$10,000 for a married couple.

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

Office of Administration -
Information Technology Services Division/DSS
Department of Social Services



Mickey Wilson, CPA
Director
January 22, 2014

Ross Strobe
Assistant Director
January 22, 2014