

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4217-01
Bill No.: HB 1468
Subject: Medicaid/MO HealthNet; Children and Minors
Type: Original
Date: February 5, 2018

Bill Summary: This proposal extends benefits for pregnant women under the MO HealthNet program and Show-Me Healthy Babies program from 60 days postpartum to one year after giving birth.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$16,050,836)	(\$42,822,063)	(\$44,252,406)
Total Estimated Net Effect on General Revenue	(\$16,050,836)	(\$42,822,063)	(\$44,252,406)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal Reimbursement Allowance (#0142)	(\$4,371,424)	(\$11,648,043)	(\$12,022,581)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$4,371,424)	(\$11,648,043)	(\$12,022,581)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceeding \$84.5 million annually net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)**, **Family Support Division (FSD)**, **Division of Legal Services (DLS)** and the **Division of Finance and Administrative Services (DFAS)** provide the following information and assumptions.

These assumptions are based on the assumption that a waiver for the extension of postpartum services would be approved by the Centers for Medicare and Medicaid Services (CMS). However, in cases when a State is requesting additional coverage for participants that is not covered by standard options under a State Plan Amendment (SPA) from CMS, DSS may need to first submit and get approval for a waiver request before a SPA package can be submitted to CMS. CMS may take months before approving the waiver request and a SPA is expected to take at least 90 days from start to finish. This waiting period could potentially delay implementation but that is unknown at this time. If the FSD were to implement the provisions of this proposal without a state plan amendment or waiver, there could be a significant loss of federal funding for DSS.

In addition, the Show-Me Health Babies (SMHB) program is federally funded by the Children's Health Insurance Program (CHIP). If Congress does not reauthorize the CHIP program, coverage for SMHB will end.

Section 208.151.1(20) - Medical assistance on behalf of needy persons - Pregnant women would be amended extending the continuation for all pregnancy-related and postpartum MO HealthNet benefits from sixty days to twelve months beginning on the last day of their pregnancy.

Section 208.662.6 - Medical assistance on behalf of needy persons - "Show-Me Healthy Babies Program" - Pregnancy-related and postpartum coverage would be amended extending the continuation for all pregnancy-related and postpartum MO HealthNet for Pregnant Women benefits from the last day of the month that includes the sixtieth day to twelve months after the pregnancy ends.

The **Family Support Division (FSD)** determined that approximately 32,946 individuals who received MO HealthNet for Pregnant Women (MPW) postpartum benefits beginning on the last day of their pregnancy would have coverage extended to twelve months.

ASSUMPTION (continued)

The FSD arrived at the number in the following manner:

In SFY 2017, 32,946 individuals lost postpartum coverage after 60 days. Of these:

- 9,286 moved to other assistance assuming a full benefit package (no fiscal impact)
- 22,251 moved to Extended Women's Health Services (EWHS) with limited benefits (partial fiscal impact)
- 1,409 received no other assistance (full fiscal impact)

Total: 32,946

Amending this section would extend MO HealthNet coverage for 32,946 individuals after the postpartum period ended. DSS assumes that eligibility for the extended coverage would also include any postpartum participant currently within the initial 60-days of coverage as of the effective date. FSD defers to the MHD for costs to the program.

The extension of coverage would have no fiscal impact to FSD.

Additionally, the Family Support Division (FSD) discovered that approximately 204 individuals who received Show-Me Health Babies (SMHB) Postpartum benefits beginning on the last day of their pregnancy would have coverage extended to twelve months.

The FSD arrived at the number in the following manner:

Because the SMHB program began in January, 2016 and has been in operation for a short period of time, FSD used the most recent data to estimate the number of individuals affected. In the months of February, 2017 thru October, 2017 an average of 17 SMHB participants per month lost postpartum coverage after 60 days. FSD took that average and multiplied it by 12 to calculate an annual average of 204 (17 X 12 months = 204 women) SMHB participants that lost postpartum coverage after 60 days. Of these:

- 1 moved to Extended Women's Health Services (EWHS) with limited benefits
- 203 received no other assistance

Totaling: 204

Amending this section would extend SMHB coverage for 204 individuals after the Postpartum period ended. DSS assumes that eligibility for the extended coverage would also include any postpartum participant currently within the initial 60-days of coverage as of the effective date. FSD defers to MHD for costs to the program.

The extension of coverage would have no fiscal impact to FSD.

ASSUMPTION (continued)

The FSD assumes the Office of Administration, Information Technology Services Division (OA-ITSD) will include the Missouri Eligibility Determination and Enrollment System (MEDES) programming costs for the system changes needed to implement provisions of this bill in their response.

MO HealthNet Division (MHD) officials state the proposed legislation extends postpartum coverage from 60 days to twelve months.

The FSD estimates that 32,946 participants currently lose postpartum coverage after 60-days each year. 9,286 of these participants would move to other full benefit assistance programs leaving 23,660 postpartum participants and 204 Show-Me Healthy Baby participants each year ($23,660/12 \text{ months} = 1,971.67$ rounded up); $204/12 = 17$) without coverage. Therefore, the MHD assumes **1,972 participants will be added to Postpartum and 17 participants will be added to SMHB each month until reaching the 23,660 and 204 participants respectively.**

MHD's Evidence Based Unit identified how many pregnant women were currently treated for Substance Use Disorder and applied that percentage (approximately 9.3%) to the monthly births; therefore, of the 1,972 participants it is estimated that 183 (rounded) will receive Substance Use Disorder (SUD) treatment. The average per member per month (PMPM) payment for SUD participants is \$819; this PMPM cost was calculated using fee-for-service expenditure data and includes a SUD treatment cost. The total cost for this population is \$8,249,907 (rounded).

	# of Postpartum Eligibles*	# of SUD Recipients (Subset of Postpartum Eligibles)*	SUD PDMP Cost	Total SUD Cost
1 st month	1,972	183	\$819	\$ 149,998
2 nd month	3,944 (1,972+1,972)	367 (183+183)	\$819	\$ 299,987
3 rd month	5,916 (3,944+1,972)	550 (367+183)	\$819	\$ 499,995
4 th month	7,888 (5,916+1,972)	733 (550+183)	\$819	\$ 599,993
5 th month	9,860 (7,888+1,972)	916 (733+183)	\$819	\$ 749,992
6 th month	11,832 (9,860+1,972)	1,100 (916+183)	\$819	\$ 899,990
7 th month	13,804 (11,832+1,972)	1,283 (1,100+183)	\$819	\$1,049,988
8 th month	15,776 (13,804+1,972)	1,466 (1,283+183)	\$819	\$1,199,986
9 th month	17,748 (15,776+1,972)	1,649 (1,466+183)	\$819	\$1,349,985
10 th month	19,720 (17,748+1,972)	1,833 (1,649+183)	\$819	\$1,499,983
Year 1 SUD Participant Costs				<u>\$8,249,907</u>

* Rounding results in differences in numbers and totals.

ASSUMPTION (continued)

For the remaining population, an average PMPM payment of \$450 was multiplied by the number of monthly participants to arrive at an annual cost. The \$450 PMPM is made up of an average capitation payment for women ages 21 to 44 and also includes a cost for carved out services such as prescription drugs and mental health services. For the first year of coverage (10 months) the cost would be \$44,287,495 for non-SUD participants plus \$420,904 for SMHB participants or \$44,708,399. Therefore, the total first year (10 months) cost is \$52,958,306 (\$8,249,907 SUD + \$44,287,495 Postpartum eligibles + \$420,904 for SMHB participants).

	# of Postpartum Eligibles (less SUD recipients) plus SMHB participants (17 additional each month)*	PMPM Total Cost	Cost* (non-SUD)
1 st month	1,972 - 183 = 1,789 + 17 = 1,806	\$450	\$ 812,880
2 nd month	3,944 - 367 = 3,577 + 34 = 3,611	\$450	\$ 1,625,760
3 rd month	5,916 - 550 = 5,366 + 51 = 5,417	\$450	\$ 2,438,640
4 th month	7,888 - 733 = 7,155 + 68 = 7,223	\$450	\$ 3,251,520
5 th month	9,860 - 916 = 8,944 + 85 = 9,209	\$450	\$ 4,064,400
6 th month	11,832 - 1,100 = 10,732 + 102 = 10,834	\$450	\$ 4,877,280
7 th month	13,804 - 1,283 = 12,521 + 119 = 12,640	\$450	\$ 5,690,160
8 th month	15,776 - 1,466 = 14,310 + 136 = 14,446	\$450	\$ 6,503,039
9 th month	17,748 - 1,649 = 16,099 + 153 = 16,252	\$450	\$ 7,315,920
10 th month	19,720 - 1,833 = 17,887 + 170 = 18,057	\$450	\$ 8,128,800
Year 1 Non-SUD Participant Costs			<u>\$44,708,399</u>

* Rounding results in differences in numbers and totals.

A portion of this will be funded from Federal Reimbursement Allowance moneys (Fund: 0142; Approp: 1605). MHD assumes the legislation will be effective August 28th which equates to a 10 month fiscal impact in the first year.

Oversight notes the fully implemented costs (12 months), without inflation or accounting for rounding differences, would be:

21,461 (postpartum eligibles)	X	\$450 PMPM cost	=	\$9,657,450
204 SMHB participants	X	\$450 PMPM cost	=	\$ 91,800
+ 2,199 (SUD participants)	X	\$819 PMPM SUD cost	=	\$1,800,980
23,864 total participants		Total monthly cost for all participants		\$11,550,230
			X 12 months	
		Total annual cost w/o inflation		<u>\$138,602,760</u>

A 2.5% inflation factor was added to the PMPM for the second and third year.

ASSUMPTION (continued)

The second year cost is estimated to be \$141,113,582 (\$139,991,873 Postpartum + \$1,121,709 SMHB); the third year cost is estimated to be \$145,651,153 (\$144,493,362 Postpartum + \$1,157,791 SMHB).

DSS costs:

Year 1: \$ 52,958,306: GR \$16,866,736; FF \$31,720,146; Other \$4,371,424;
Year 2: \$141,113,582: GR \$44,943,412; FF \$84,522,127; Other \$11,648,043;
Year 3: \$145,651,153 : GR \$46,388,590; FF \$87,239,982; Other \$12,022,581.

Additionally, DSS assumes that the 22,251 participants that previously moved to Extended Women's Health Services (EWS) with limited benefits after the initial 60-days would shift to the extended coverage offered by this legislation, therefore, creating a savings for the EWS program. The EWS program has shifted to the Department of Health and Senior Services (DHSS); however, the data used to calculate the savings was provided by MHD. Those savings have been included in this response utilizing the same phased-in approach as the DSS costs.

DHSS savings (EWS program):

Year 1: \$815,900 (all GR - 10 months)
Year 2: \$2,121,349 (all GR)
Year 3: \$2,136,184 (all GR)

Oversight notes that the number of participants would continue to increase by 1,972 recipients per month (postpartum participants + SUD postpartum participants) plus 17 SMHB participants per month during year 2 until the total estimated participants reached 23,660 and 204 respectively (approximately 2 additional months). After a full year (12 months), the number of participants entering the program each month would equal the number of participants exiting the program each month.

Officials from the **Division of Finance and Administrative Services (DFAS)** state this legislation would not impact Alternatives-to-Abortion services as the contract does not help mothers with any type of medical or prescription expenses but does assist with tuition, rent, utilities, car payments, etc. (non-medical). The fiscal note is referring to extending the MO HealthNet coverage from 60-days to 12 months. Therefore, this will not have an impact on Alternatives-to-Abortion contracted services.

Officials from the **Division of Legal Services (DLS)** state DLS attorneys will be needed to assist with the filing of the waiver and the State Plan Amendment (SPA). However, it is assumed these duties could be accomplished with existing resources.

Officials from the **Department of Health and Senior Services (DHSS)** defer to the DSS for a statement of the fiscal impact of this proposal on their organization.

ASSUMPTION (continued)

Officials from the Office of **Administration (OA), Information Technology Services Division (ITSD)/ DSS** state the changes to section 208.151 affects the MEDES system for DSS and will be handled under the Maintenance and Operations contract. No fiscal impact to ITSD-DSS.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Savings</u> - DHSS (§208.151)			
Reduction in EWHS program expenditures	\$815,900	\$2,121,349	\$2,136,184
<u>Costs</u> - DSS (§§208.151 and 208.662)			
Increase in program costs to extend services to pregnant women for one year postpartum	<u>(\$16,866,736)</u>	<u>(\$44,943,412)</u>	<u>(\$46,388,590)</u>
ESTIMATED NET IMPACT ON THE GENERAL REVENUE FUND	<u>(\$16,050,836)</u>	<u>(\$42,822,063)</u>	<u>(\$44,252,406)</u>
FEDERAL REIMBURSEMENT ALLOWANCE FUND (#0142)			
<u>Costs</u> - DSS (§§208.151 and 208.662)			
Increase in program costs to extend services to pregnant women for one year postpartum	<u>(\$4,371,424)</u>	<u>(\$11,648,043)</u>	<u>(\$12,022,581)</u>
ESTIMATED NET IMPACT ON THE FEDERAL REIMBURSEMENT ALLOWANCE FUND	<u>(\$4,371,424)</u>	<u>(\$11,648,043)</u>	<u>(\$12,022,581)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
FEDERAL FUNDS			
<u>Income</u> - DSS (§§208.151 and 208.662)			
Increase in program reimbursements	\$31,720,146	\$84,522,127	\$87,239,982
<u>Costs</u> - DSS (§§208.151 and 208.662)			
Increase in program costs to extend services to pregnant women for one year postpartum	<u>(\$31,720,146)</u>	<u>(\$84,522,127)</u>	<u>(\$87,239,982)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may positively impact small business physician offices that contract to provide services through the MO HealthNet program.

FISCAL DESCRIPTION


This proposal would extend MO HealthNet benefits for qualifying pregnant women from 60 days postpartum to one year after giving birth. In addition, the proposal would also extend Show Me Healthy Babies program benefits for pregnant women from 60 days postpartum to one year after giving birth.

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
Department of Social Services -
 MO HealthNet Division
 Family Support Division
 Division of Finance and Administrative Services
 Division of Legal Services
Office of Administration -
 Information Technology Services Division/DSS

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Acting Director
February 5, 2018