

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5388-01
Bill No.: HB 1616
Subject: Children and Minors; Public Assistance; Social Services Department
Type: Original
Date: February 6, 2018

Bill Summary: This proposal provides substance abuse treatment to postpartum women for one year after birth under the Show-Me Healthy Babies program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(\$133,461)	(\$355,673)	(\$367,114)
Total Estimated Net Effect on General Revenue	(\$133,461)	(\$355,673)	(\$367,114)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Federal Reimbursement Allowance (#0142)	(\$37,363)	(\$99,571)	(\$102,774)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$37,363)	(\$99,571)	(\$102,774)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

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

* Income and expenses exceed \$650,000 annually and 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

§208.662 - Show-Me Healthy Babies

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.

The proposed legislation extends postpartum coverage for Substance Abuse Treatment from 60 days to twelve months.

Section 208.662.6 - Medical assistance on behalf of needy persons - “Show-Me Healthy Babies Program” - Pregnancy-related and postpartum coverage would be amended by adding substance abuse treatment to postpartum coverage through the last day of the twelfth month after the pregnancy ends.

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. 1 moved to Extended Women's Health Services (EWHS) with limited benefits
2. 203 received no other assistance

Totaling: 204

Amending this section would extend SMHB coverage including substance abuse treatment 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 and the addition of the substance abuse treatment provision 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 FSD determined 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.

Amending this section would extend SMHB coverage including substance abuse treatment coverage for 204 individuals after the postpartum period ended. MHD 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.

MHD assumes 17 participants will be added to SMHB each month until reaching 204 participants.

	SMHB Participants	SMHB Costs*
Year 1		
1 st month	17	17 * \$450 = \$7,653
2 nd month	34	34 * \$450 = \$15,306
3 rd month	51	51 * \$450 = \$22,958
4 th month	68	68 * \$450 = \$30,611
5 th month	85	85 * \$450 = \$38,264
6 th month	102	102 * \$450 = \$45,917
7 th month	119	119 * \$450 = \$53,570
8 th month	136	136 * \$450 = \$61,222
9 th month	153	153 * \$450 = \$68,875
10 th month	170	170 * \$450 = <u>\$76,528</u>
Total Year 1 SMHB		<u>\$420,904</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.

ASSUMPTION (continued)

If the proposed legislation passes, a waiver would be required to extend the current 60 day postpartum coverage to one year. The Show Me Healthy 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.

Since the length of eligibility for a specific service is extended beyond what the current CHIP State Plan allows, the state will need to request a State Plan Amendment from the Centers for Medicare and Medicaid Services (CMS) prior to implementing this change. That review and approval could take up to ninety (90) days for approval. Following CMS approval, the Managed Care contracts will need to be amended.

The cost for SMHB postpartum coverage extended from 60 days to one year as follows:

Year 1: \$420,904 (GR \$133,461; FF \$250,080; Other \$37,363);
Year 2: \$1,121,709 (GR \$355,673; FF \$666,464; Other \$99,571);
Year 3: \$1,157,791 (GR \$367,114; FF \$687,903; Other \$102,774).

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

Oversight notes that the number of participants would continue to increase by 17 SMHB participants per month during year 2 until the total estimated participants reached 204. 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. The \$450 PMPM (per member per month) rate is made up of an average capitation payment for women ages 21 to 44 (\$370) plus a cost for carved out services such as prescription drugs and mental health services (\$81). (\$370 + \$81 = \$451; difference is due to rounding).

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

$$204 \text{ SMHB participants} \times \$450 \text{ PMPM cost} = \$91,800 \times 12 \text{ months} = \$1,101,600$$

Division of Finance and Administrative Services (DFAS) officials state the proposal will not have an impact on the Alternatives-to-Abortion (A2A) program. If substance abuse treatment has been identified as a client need, the provider is to refer the client for treatment. The A2A providers do not provide substance abuse treatment within the A2A program.

Division of Legal Services (DLS) officials state the proposal will have no impact on the DLS other than to provide legal advice and consultation. This can be accomplished using current resources. The DLS defers to the MHD for further fiscal impact analysis.

ASSUMPTION (continued)

Officials from the **Department of Mental Health (DMH)** state the proposed legislation extends coverage for substance abuse treatment to women receiving MO HealthNet under the Show-Me Healthy Babies program until the last day of the twelfth month after the pregnancy ends. Currently all MO HealthNet coverage, including substance abuse treatment under the Show-Me Healthy Babies program, ends for the woman on the last day of the month that is 60 days after the pregnancy ends.

DMH currently uses state funds to serve women who need substance abuse treatment who would qualify under this legislation. Covering these women under MO HealthNet would allow DMH to redirect state funds currently used for the services to meet maintenance of effort requirements for various federal grants. Additional women with substance use disorders who are not currently receiving DMH substance abuse treatment would qualify in the new eligibility category. The anticipated cost to DMH is unknown greater than \$100,000. DMH costs and/or cost savings for these changes will be included in the Department of Social Services costs and/or cost savings to the MO HealthNet program.

Officials from the **Department of Health and Senior Services** defer to the Department of Social Services to calculate the fiscal impact of this proposed legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE FUND			
<u>Costs - DSS (§208.662)</u>			
Increase in program costs to extend SMHB services for one year postpartum	<u>(\$133,461)</u>	<u>(\$355,673)</u>	<u>(\$367,114)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$133,461)</u>	<u>(\$355,673)</u>	<u>(\$367,114)</u>
FEDERAL REIMBURSEMENT ALLOWANCE FUND (#0142)			
<u>Costs - DSS (§208.662)</u>			
Increase in program costs to extend SMHB services for one year postpartum	<u>(\$37,363)</u>	<u>(\$99,571)</u>	<u>(\$102,774)</u>
ESTIMATED NET EFFECT ON THE FEDERAL REIMBURSEMENT ALLOWANCE FUND	<u>(\$37,363)</u>	<u>(\$99,571)</u>	<u>(\$102,774)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
FEDERAL FUNDS			
<u>Income</u> - DSS (§208.662)			
Increase in program reimbursements	\$250,080	\$666,464	\$687,903
<u>Costs</u> - DSS (§208.662)			
Increase in program costs to extend SMHB services for one year postpartum	<u>(\$250,080)</u>	<u>(\$666,464)</u>	<u>(\$687,903)</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

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

FISCAL DESCRIPTION

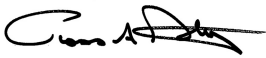
This bill specifies that under the Show-Me Healthy Babies Program, postpartum coverage for a mother will include substance abuse treatment for one year after pregnancy ends.

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 Social Services -
 Family Support Division
 MO HealthNet Division
Department of Health and Senior Services
Department of Mental Health

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized, cursive script.

Acting Director
February 6, 2018