

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0315-03
Bill No.: HCS for HB 183
Subject: Medicaid/MO HealthNet; Public Assistance; Social Services Department; Food;
Family Law
Type: Original
Date: April 4, 2019

Bill Summary: This proposal modifies provisions relating to public assistance benefits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$54,011,534 or \$54,020,994)	(\$60,590,807 or \$60,671,607)	(\$62,028,744 or \$62,110,352)
Total Estimated Net Effect on General Revenue	(\$54,011,534 or \$54,020,994)	(\$60,590,807 or \$60,671,607)	(\$62,028,744 or \$62,110,352)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 17 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income, savings, costs and losses exceed \$9 million beginning in FY 2021 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 0.91 FTE	2.75 or 3.75 FTE	2.75 or 3.75 FTE
Federal Funds	0 or 0.09 FTE	0.25 FTE	0.25 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	3 or 4 FTE	3 or 4 FTE

☒ 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 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§208.151 - MO HealthNet coverage for foster care children

Officials from the **Department of Social Services (DSS)**, **Division of Legal Services (DLS)**, **Family Support Division (FSD)** and **MO HealthNet Division (MHD)** state §208.151.1(26) is amended to allow persons who were in foster care under the responsibility of the state of Missouri at any time from the age of thirteen or older to be eligible for MO HealthNet without regard to income or assets if they are: under age twenty-six, are not eligible under another mandatory coverage group, and were covered by Medicaid while in foster care. These individuals, upon turning age 19, unless meeting an exemption, would be subject to the proposed work requirements in this legislation pursuant to section 208.185.

Section 1902 (a)(10)(i)(IX) of the Social Security Act requires states to make medical assistance available to individuals who were in foster care under the responsibility of the State on the date of attaining eighteen years of age until the individual turns twenty-six years of age. However, the federal law does not allow persons who were not in foster care on the date of attaining eighteen to be eligible without regard to assets or income.

States have the option to apply for an 1115 demonstration waiver under 42 CFR 435.150 to allow former foster care youth, who were enrolled in another state when they attained the age of eighteen, to be covered. However, 42 CFR 435.150 does not provide an option for a waiver to provide Medicaid for other individuals that were formerly in foster care, including individuals ages thirteen to seventeen, who would be covered under the proposed legislation. If the provisions of this legislation are enacted, these individuals would not be covered under a federally matched Medicaid program.

Based on data from 2007 to present, it is estimated that 8,905 children that left foster care between the ages of 13 and 17 are under the age of 26. For the purpose of this bill, the **Family Support Division (FSD)** is estimating that all children age 13 -17 who left foster care are eligible for this coverage through age 26. It is assumed that these individuals are ineligible for a federally matched Medicaid program. These individuals, upon turning age 19, unless meeting an exemption, would be subject to the proposed work requirements in this legislation pursuant to §208.185. FSD does not currently collect data for this population of individuals. Therefore, it is unknown how many would meet an exemption. For the purposes of this legislation, FSD made the assumption that a similar number of individuals in this population would meet an exemption based on the percentage of individuals receiving MO HealthNet for Families (MHF) coverage that were identified as meeting the same exemption.

ASSUMPTION (continued)

Children that left foster care between age 13-17 and are under the age of 26.	8,905
Less individuals on SNAP or TANF not subject to work requirement under this legislation	(5,464)
Less caregivers for children under 6, disabled adult, or disabled child	(1,953)
Less individuals already determined disabled	(160)
Less individuals with earned income already meeting the work requirement	(371)
Number potentially subject to work requirement under this legislation	957
FSD assumes an additional 25% will reapply for Medicaid due to a disability	(239)
Estimated number of individuals that will be subject to the work requirement	718
FSD estimates 35% will comply with work requirements	251
FSD estimates 65% will not comply and lose Medicaid	467

It is assumed that 25% of the population that will be affected by work requirements proposed under §208.185 will reapply to be served under another MO HealthNet program for a total of 239 (957×0.25). The remaining 718 ($957 - 239$) will be subject to the work requirements in this legislation. Of those 718, FSD assumes that 35% will comply with work requirements for a total of 251 (718×0.35) and 65% will lose benefits for non-compliance for a total of 467 (718×0.65). Therefore, a total of 467 of the individuals newly eligible under §208.151.1(26) are expected to lose benefits as a result of non-compliance with work requirements under §208.185.

FSD estimates the total expenditures could be as much as \$251,000 ($251 \times \$1,000$) to administer the work program. The FSD assumes staff added for the regular MO HealthNet population will be able to complete necessary additional work as a result of this proposal.

FSD assumes the Office of Administration, Information Technology Services Division will include the system programming costs for the system changes necessary to implement provisions of this bill.

ASSUMPTION (continued)

§208.185 - Requires MO HealthNet recipients to work

Chapter 208, RSMo, is amended by adding one new section, to be known as §208.185 which implements a monthly 80 hour work requirement into MO HealthNet (MHN) programs. Participants ages 19 to 64 not meeting an exemption under 208.185.2, or a good cause exemption under 208.185.3, are ineligible for MO HealthNet for Families (MHF) unless they are working, participating in a work program, volunteering, or any combination of work activities for at least 80 hours per month. The Division of Legal Services (DLS) will advise in rule-making, and this can be done with existing resources.

Adults ages 19-64 on Medicaid for Families	81,644
Less individuals on SNAP or TANF not subject to work requirement under this legislation	(50,099)
Less caregivers for children under 6, disabled adult, or disabled child	(17,907)
Less individuals already determined disabled	(1,466)
Less individuals with earned income already meeting the work requirement	(3,398)
Number potentially subject to work requirement under this legislation	8,774
FSD assumes an additional 25% will reapply for Medicaid due to a disability	(2,194)
Estimated number of individuals that will be subject to the work requirement	6,581
FSD estimates 35% will comply with work requirements	2,303
FSD estimates 65% will not comply and lose Medicaid	4,277

As of November 30, 2018, there were 81,644 adult individuals ages 19-64 who were receiving MO HealthNet for Families coverage. Of those 81,644 individuals, 50,099 were also receiving Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) benefits. In order to receive SNAP or TANF benefits, these individuals must either meet current SNAP or TANF work requirements or be exempted from participating in SNAP or TANF work requirements. Individuals who receive SNAP or TANF benefits and are exempt from the work requirements of those programs are also exempt from the work requirements for MHF. Therefore, of the 81,644 MHF individuals, 31,545 (81,644 - 50,099) would be remaining that are not currently provided work services or exempt from work requirements through another program.

ASSUMPTION (continued)

The remaining individuals are required to comply with work requirements under this legislation unless they meet one of the following exemptions: pregnant individuals; all caregivers of a child under age six, a disabled child, or a disabled adult; and individuals with a disability, as defined in this legislation. Of those 31,545, there are 17,907 individuals identified as caregivers and 1,466 identified as disabled. It was determined that the remaining 12,172 ($31,545 - 17,907 - 1,466$) includes 3,398 individuals with earned income. FSD made the assumption that those individuals are already meeting work requirements and the total number impacted was reduced by this amount. The total number of individuals remaining that would potentially be affected by MHF work requirements would be 8,774 ($12,172 - 3,398$).

It is assumed that 25% of the population that will be affected by MHF work requirements will reapply to be served under another MO HealthNet program for a total of 2,194 ($8,774 * 0.25$). The remaining 6,580 ($8,774 - 2,194$) will be subject to the MHF work requirements in this legislation. Of those 6,580, FSD assumes that 35% will comply with work requirements for a total of 2,303 ($6,580 * 0.35$) and 65% will lose benefits for non-compliance for a total of 4,277 ($6,580 * 0.65$). Therefore, a total of 4,277 individuals are expected to lose MHF benefits as a result of this legislation.

FSD estimates the total expenditures could be as much as \$2,303,000 ($2,303 * \$1,000$) to administer the work program. FSD estimates an additional 2 FTE program development specialists will be needed ($2,303 / 2000 = 1.15$, rounded up) to administer the program. Additional system programming will be needed to integrate work program compliance information, program sanctions, and alert staff when participants become age eligible and/or ineligible for work requirements so that a review for other possible exemptions can be made. FSD defers to the Office of Administration, Information Technology Services Division for any costs associated with system changes.

Existing legal counsel will assist with implementing this legislation, promulgating rules, and reviewing cases for exemptions to the work and community engagement requirements. If people lose MHD benefits, they may request a hearing for their case. This will create a need for an additional Hearings Officer. FSD estimates 4,744 ($4,277$ MHN recipients + 467 foster children) people may lose benefits. The **Division of Legal Services (DLS)** estimates that 5% of those people, 237 ($4,744 * 5\%$), may request a hearing. One Hearings Officer can process 544 hearings a year, creating a need for one Hearings Officer. Based on current federal claiming information, this Hearings Officer will be paid with 75% General Revenue, 25% Federal Funds.

ASSUMPTION (continued)

Adults on SNAP and Medicaid for Families	49,899
Less individuals under 19 or over 64	(200)
Less caregivers for children under 6 or pregnant	(22,651)
Less individuals already determined disabled	(547)
Less individuals with earned income already meeting the work requirement	(7,136)
Number potentially subject to work requirement	19,365
FSD estimates 35% will comply with work requirements	6,778
FSD estimates 65% will not comply and lose Medicaid	12,587

Under current SNAP work requirements, all participants that receive MHF and SNAP would be exempt from MHF work requirements. However, if the SNAP work requirements for able bodied adults with children that are currently proposed are implemented, it is estimated that 19,365 individuals would no longer receive an exemption and could potentially be affected by MHF work requirements. The number of individuals affected by the MHF work requirements is higher than the number of individuals affected by SNAP work requirements because the proposed SNAP work requirements affect individuals age 19-59, while the proposed MHF work requirements affect individuals age 19-64. It is assumed that 65% of that population would lose benefits as a result of non-compliance for a total of 12,587 ($19,365 \times .65$). This population is not included in the impact of this legislation because they will be served in other FSD work programs.

On January 11, 2018, the Centers for Medicare and Medicaid Services (CMS) released new policy guidance for states to test community engagement for able-bodied adults through 1115 Demonstration Waivers. This guidance supports the alignment of Medicaid work requirements with those of Temporary Assistance and Food Stamps. CMS suggests that states follow TA and SNAP (Supplemental Nutrition Assistance Program) work requirement programs when considering exempted populations, protections for the disabled, allowable activities, enrollee reporting requirements, and the availability of transportation and child care for participants. With such an alignment, CMS states that participants and exempt persons in TA and SNAP work programs should automatically be considered as complying with Medicaid work requirements.

ASSUMPTION (continued)

The DSS would request a waiver from CMS to implement the provisions of this legislation. FSD estimates that it would take approximately a year to obtain CMS approval of the waiver. Due to the time it takes to obtain the waiver, implementation of the work requirements could not begin until July 1, 2020.

MO HealthNet (MHN) officials state approximately 6,581 individuals would be potentially affected by MHF work requirements and required to comply with these work requirements. Therefore, those 6,581 individuals could be now ineligible/lose coverage for MO HealthNet. Since MO HealthNet would be losing participants, or no longer signing up certain new applicants, MHD assumes a positive fiscal impact with fewer people to cover. The FSD found that all of these individuals would fall under the MHF category. For MHF, MHD took an average of the payments that these individuals have through the Managed Care program to find a per member per month average.

MHD will assume that any savings will be for participants who are not currently meeting the work requirements. Because it is unknown how many will comply, MHD will use a percentage of 35% of the 6,581 individuals to gather an approximate number of individuals that would comply with this legislation. Therefore, 65% of the 6,581 (or 4,277) individuals will lose eligibility for MO HealthNet if the provisions of this bill are enacted. A 2.4% inflation rate was used for FY 2022. An annual savings is estimated to be as follows:

FY 2020 - no savings assumed in FY20 due to the time it takes to be granted the waiver and implementation of the work requirements. (Savings will begin July 1, 2020).

FY 2021 - Total \$14,182,982 (GR \$4,880,648; FF \$9,302,334)

FY 2022 - Total \$14,523,374 (GR \$4,997,783; FF \$9,525,590)

The **Children's Division (CD)** found that the total number of eligible children would be 8,905. MHD found that a per member per month (PMPM) rate for foster care services is \$604.11. Therefore, an annual cost for this new legislation is estimated to be \$64,555,326 (8,905 newly eligible*\$604.11 PMPM*12 months).

Of these 8,905 eligible, some would lose eligibility once they reach the age of 18 due to the work requirements. FSD found that an estimated 718 individuals from this new population would be subject to the work requirements. Using the same estimated percentage as above, MHD calculates that 65% of those 718 (or 467) individuals would lose eligibility for MO HealthNet. Therefore, there would be a total of 8,438 (8,905 - 467) newly eligible. Of these 8,438, MHD determined an annual cost of \$61,169,887 (8,438*\$604.11 PMPM*12 months). Since these 467 individuals would not be required to meet these requirements until FY 2021 due to the timing of obtaining a waiver, the full 8,905 eligible was used to calculate cost for FY 2020.

ASSUMPTION (continued)

For former foster children aged 13-17, without considering assets or income, there is not a federal match for their medical assistance. Therefore, these newly eligible would need to be covered all with General Revenue (GR) funds, unless they qualify for another MHD service. A 2.4% inflation rate was used for FY 2021 and FY 2022.

FY 2020 (10 mos): Total: \$53,796,105 (100% GR);
FY21: Total: \$62,637,964 (100% GR);
FY22: Total: \$64,141,275 (100% GR).

Until the FY 20 budget is final, the Department cannot identify specific appropriations.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs and savings provided by DSS for fiscal note purposes.

Oversight notes DSS assumes it will need a total of 3 new FTE (2 Program Development Specialists; 1 Hearings Officer) as a result of the provisions of this proposal. Based on discussions with DSS officials, it is assumed the additional FTE can be housed within current DSS locations. However, if multiple proposals pass during the legislative session requiring additional FTE, cumulatively the effect of all proposals passed may result in the DSS needing additional rental space.

Officials from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state the Family Assistance Management Information System (FAMIS) will need to create new screens to capture the necessary data elements to determine eligibility. A new eligibility determination factor will need to be created. This functionality does not currently exist in FAMIS. Existing infrastructure available now for the Supplemental Nutrition Assistance Program (SNAP)/Temporary Assistance for Needy Families (TANF) programs could possibly be used, but additional work will be required. The methodology used to arrive at the fiscal impact was to review previous work efforts where functionality did not exist where new forms/changes to forms/new batch jobs and new reports were required. FAMIS changes are estimated to require 881.28 IT consultant contract hours at \$75 per hour to complete, or \$66,096, in FY 2020. This cost is 100% General Revenue (GR).

Changes to the Family and Children Electronic Services (FACES) system will also be required. These changes are estimated to require 324.00 IT consultant contract hours at \$75 per hour to complete, or \$24,300, in FY 2020. This cost is split between GR (\$16,038 or 66%) and Federal funds (\$8,262 or 34%).

ASSUMPTION (continued)

It is also assumed changes for the Missouri Eligibility Determination and Enrollment System (MEDES) will be required. System modifications will be executed via a Project Assessment Quotation under the existing Redmane contract (CT 170849002) for MEDES Maintenance and Operations as an enhancement. It is assumed the system modifications will require 8,914.32 IT consultant contract hours at \$160 per hour for a total cost of \$1,426,921 (\$142,629 or 10% GR; \$1,283,662 or 90% Federal funds) in FY 2020.

ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes needed to the FAMIS, FACES and MEDES systems.

Oversight also notes, based on information from OA, ITSD officials, changes to FAMIS are generally contracted out with IRG, the maintenance and operations contractor. ITSD staff can assist with the changes but it depends on the changes/amount of work that needs to be performed. Changes to FACES are made using a mix of ITSD staff and a contractor. Generally changes are contracted out, especially if there are significant changes.

ITSD estimates the FAMIS project would take 881.28 hours at a contract rate of \$75 per hour for a cost to the state of \$66,096 (100% GR) and FACES changes would take approximately 324.00 hours at a contract rate of \$75 per hour for a cost of \$24,300 (\$16,038 GR; \$8,252 Federal funds). Oversight assumes, based on the total number of hours required to update FAMIS and FACES (881.28 FAMIS hours + 324.00 FACES hours = 1,205.28 total hours) , that ITSD staff could make the necessary system changes. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required by this bill on the FAMIS and FACES systems (1,205.28 hours/2,080 FTE hours = 0.58 FTE, rounded up). Therefore, Oversight will range the fiscal impact from the cost of contracting out the work on FAMIS and FACES (\$90,396) to hiring an additional FTE IT Specialist (roughly \$80,000 per year) at the blended percentages (91% GR and 9% Federal) for FY 2020 as assumed by DSS. For fiscal note purposes, **Oversight** assumes the FTE would not qualify for the same match rate in FY 2021 and FY 2022 and that 100 % of the costs for FY 2021 and FY 2022 would be GR if FTE were hired.

ASSUMPTION (continued)

Oversight notes ITSD officials provided information relating to the MEDES system. The state has a maintenance and operations contract with Redmane to update the MEDES system. MEDES is build on an IBM proprietary software platform called Curum. For fiscal note purposes, Oversight will present the \$1,426,921 cost for the MEDES system update.

Officials from the **Department of Mental Health (DMH)** state this proposal, beginning January 1, 2020, requires certain MO HealthNet participants ages nineteen to sixty four to comply with work and community engagement requirements in order to remain eligible for MO HealthNet benefits, unless the participant is otherwise exempt from such requirements. Work and community engagement requirements shall include at least eighty hours each month.

The work and community engagement requirements under this section shall not apply to a participant who is:

- Under the age of nineteen or over the age of sixty-four;
- Medically frail, including individuals: with disabling mental disorders; with serious and complex medical conditions; with a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living; or with a disability determination based on criteria under the Social Security Act, including a current determination by the Department of Social Services that he or she is permanently or totally disabled;
- Pregnant or caring for a child under the age of one or otherwise a recipient of MO HealthNet services under section 208.662;
- A primary caregiver of a dependent child under the age 6 or dependent adult; provided, that, not more than one participant may claim primary caregiver status in a household; or
- A participant of temporary assistance for needy families or the supplemental nutrition assistance program and who is exempt from the work requirements of either of those programs.

The proposal does not include participants with "chronic substance abuse disorders" as participants that work requirements do not apply to. It does allow hours participating in a substance abuse treatment program to count towards the hours needed to meet the work and community engagement requirements.

In order that work and community engagement requirements shall not be impossible or unduly burdensome for participants, the Department of Social Services may permit further exemptions from the work and community engagement requirements under this section in areas of high unemployment, limited economic or educational opportunities, or lack of public transportation or for good cause. Good cause is also defined within this section.

ASSUMPTION (continued)

DMH shall provide reasonable accommodations for participants with disabilities as defined by the Americans with Disabilities Act, Section 504 of the Rehabilitation Act of 1973, or Section 1557 of the Patient Protection and Affordable Care Act, as necessary, to enable such participants an equal opportunity to participate in and benefit from the work and community engagement requirements under this section. Reasonable accommodations is also defined within this section.

The proposal also expands MO HealthNet coverage for former foster care children to include any person who was in foster care under the responsibility of the state of Missouri at any time after such persons turned age thirteen effective August 28, 2019.

The Department of Social Service may promulgate rules and regulations to implement the provisions of this section. The Department of Social Services shall seek all appropriate waivers and state plan amendments from the Department of Health and Human Services necessary to implement the provisions of this section. The provisions of this shall not be implemented unless such waivers and state plan amendments are approved.

The exemptions to the work and community engagement requirements appear to carve out the DMH populations for those that are determined to be disabled, including those within Division of Behavioral Health and Division of Developmental Disability. It does not appear to carve out the DMH population of those in substance abuse treatment programs who are not disabled. DMH assumes participants in the substance abuse treatment programs will meet the work requirement criteria and still qualify for Medicaid. If this is the case, DMH assumes no fiscal impact. The fiscal impact of lowering the age for former foster children to receive MO HealthNet coverage is included in the DSS fiscal note.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect no fiscal impact to the DMH for fiscal note purposes.

Officials from the **OA, Division of Budget & Planning (B&P)** state this proposal has no direct impact on the B&P, has no direct impact on general or total state revenues and will not impact the calculations pursuant to Article X, Section 18(e).

Oversight does not have any information to the contrary. Therefore, Oversight will reflect no fiscal impact for OA, B&P for fiscal note purposes.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Oversight notes that the **Department of Economic Development** and the **Department of Elementary and Secondary Education** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Savings - DSS (§208.185)</u>			
Reduction in state share of MO HealthNet expenditures p. 7 & 8	\$0	\$4,880,648	\$4,997,783
<u>Costs - DSS (§§208.151 and 208.185)</u>			
MOHealthNet service costs for foster children p. 4 & 9	(\$53,796,105)	(\$62,637,694)	(\$64,141,275)
<u>Costs - DSS (§§208.151 and 208.185)</u>			
Personal service p. 4, 5, & 6	\$0	(\$116,333)	(\$117,496)
Fringe benefits	\$0	(\$70,129)	(\$70,484)
Equipment and expense	\$0	(\$29,449)	(\$13,976)
Contract costs (2,554 x \$1,000 + 2.5% inflation)	\$0	(\$2,617,850)	(\$2,683,296)
Total <u>Costs - DSS</u>	\$0	(\$2,833,761)	(\$2,885,252)
FTE Change - DSS	0 FTE	2.75 FTE	2.75 FTE
<u>Costs - OA, ITSD (§§208.151 and 208.185)</u>			
FAMIS and FACES system modifications (ranged from contracting out the programming (\$90,396 (\$82,260 GR)) to hiring additional 1 FTE IT Specialist) p. 10	(\$72,800 or \$82,260)	(\$0 or \$80,800)	(\$0 or \$81,608)
MEDES modifications p. 10	(\$142,629)	\$0	\$0
Total <u>Costs - OA, ITSD</u>	(\$215,429 or \$224,889)	(\$0 or \$80,800)	(\$0 or \$81,608)
FTE Change - OA, ITSD	0 or 0.91 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$54,011,534 or \$54,020,994)</u>	<u>(\$60,590,807 or \$60,671,607)</u>	<u>(\$62,028,744 or \$62,110,352)</u>
Estimated Net FTE Effect on the General Revenue Fund	0 or 0.91 FTE	2.75 or 3.75 FTE	2.75 or 3.75 FTE

* OA, ITSD assumes all IT work to be contracted out and completed in FY 2020. Oversight assumes hiring of additional FTE and that FTE will carry over to FY 2021 and 2022. In addition, in FY 2021 and FY 2022, Oversight assumes costs to be 100% GR.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
FEDERAL FUNDS			
<u>Income</u> - DSS (§§208.151 and 208.185)			
Increase in program reimbursements	\$0	\$18,808	\$18,361
<u>Income</u> - OA, ITSD (§§208.151 and 208.185)			
Reimbursement for FACES and MEDES system updates p. 10	\$1,290,862 or \$1,291,798	\$0	\$0
<u>Savings</u> - DSS (§208.185)			
Reduction in program expenditures for MO HealthNet recipients p. 8	\$0	\$9,302,334	\$9,525,590
<u>Costs</u> - DSS (§§208.151 and 208.185)			
Personal service p. 6	\$0	(\$10,576)	(\$10,682)
Fringe benefits	\$0	(\$6,376)	(\$6,408)
Equipment and expense	\$0	(\$1,856)	(\$1,271)
Total <u>Costs</u> - DSS	\$0	(\$18,808)	(\$18,361)
FTE Change - DSS	0 FTE	0.25 FTE	0.25 FTE
<u>Costs</u> - OA, ITSD (§§208.151 and 208.185)			
FACES and FAMIS system modifications (ranged from contracting out the programming to hiring additional 1 FTE IT Specialist) p. 10	(\$7,200 or \$8,136)	\$0	\$0
MEDES modifications	(\$1,283,662)	\$0	\$0
Total <u>Costs</u> - OA, ITSD	(\$1,290,862 or \$1,291,798)	\$0	\$0
FTE Change - OA, ITSD	0 or 0.09 FTE	0 FTE	0 FTE
<u>Loss</u> - DSS (§208.185)			
Reduction in program expenditure reimbursement for MO HealthNet recipients p. 8	\$0	(\$9,302,334)	(\$9,525,590)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	0 or 0.09 FTE	0.25 FTE	0.25 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<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 requires a MO HealthNet participant to work, participate in a work program, volunteer, or participate in a workfare program, unless the participant is under 19 years of age, 64 years of age or older, physically or mentally unfit to work, a parent or caretaker of a child under one year of age, a parent or caretaker of a child with a disability, receiving unemployment, or participating in a drug addiction or alcoholic treatment and rehabilitation program.

The Department of Social Services must submit any state plan or waiver necessary, and these provisions will not become effective until approval of the state plan or waiver.

The bill also provides MO HealthNet coverage for individuals who had been recipients of MO HealthNet as participants in the foster care system, up to age 26, regardless of whether other coverage is available.

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 Economic Development
Department of Elementary and Secondary Education
Department of Mental Health
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration -
 Division of Budget & Planning
 Information Technology Services Division
Office of Secretary of State



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April 4, 2019

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April 4, 2019