

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2440-01
Bill No.: SB 514
Subject: Children and Minors; Children's Division; Health Care; Medicaid/MO HealthNet;
Public Assistance; Social Services Department
Type: Original
Date: March 26, 2019

Bill Summary: This proposal modifies provisions relating to MO HealthNet benefits for persons in foster care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$225,000 or \$236,924)	(\$63,863 or \$144,663)	(\$65,396 or \$147,004)
Total Estimated Net Effect on General Revenue	(\$225,000 or \$236,924)	(\$63,863 or \$144,663)	(\$65,396 or \$147,004)

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 8 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 and expenditures exceed \$120,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 0.66 FTE	0 or 1 FTE	0 or 1 FTE
Federal	0 or 0.34 FTE	0 FTE	0 FTE
Total Estimated Net Effect on FTE	0 or 1	0 or 1	0 or 1

☒ 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 benefits for persons in foster care

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state §208.151.1(26) is amended to allow persons who were in foster care under the responsibility of another state for at least six months, are currently residing in Missouri, are at least eighteen years of age, are not eligible for coverage under another mandatory coverage group, and were covered by Medicaid while they were in foster care to also be eligible to receive MO HealthNet benefits.

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 require states to make medical assistance available to individuals who were in foster care under the responsibility of another state.

States have the option to apply for an 1115 demonstration waiver under 42 CFR 435.150 to provide medical assistance to former foster care youth who aged out in another state and were enrolled in Medicaid in another state at any time during the period of foster care.

In State Fiscal Year (SFY) 2018, there were 25 children, that were age 18 or older and placed in foster care in Missouri who were under the responsibility of another state for at least six months. For the purpose of this bill, the Family Support Division (FSD) is estimating that this is the number of children that would be eligible for this coverage per year. It is assumed that these individuals are eligible for a federally matched Medicaid program, under an 1115 demonstration waiver.

Because an 1115 waiver is required to implement the provisions of this bill, the DSS would have to apply for and be approved in order to receive a federal match on these individuals. Due to the amount of time estimated to apply and be approved for the waiver, the earliest this legislation could be implemented is expected to be January 1, 2020.

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

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

ASSUMPTION (continued)

The Children's Division (CD) and FSD defer to MO HealthNet Division for costs to the program; therefore, there is no fiscal impact to the CD or to the FSD.

Oversight does not have any information to the contrary. Oversight assumes the CD and FSD have sufficient staff and resources to handle any increase in workload required under the provisions of this proposal and will reflect no fiscal impact for these divisions for fiscal note purposes.

MHD officials state per the new parameters of this legislation, the CD reports that a total of 25 children in FY 2018 were 18 or older and are currently residing in Missouri that had been under the responsibility of another state for at least 6 months. MO HealthNet Division 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 \$181,233 (25 newly eligible*\$604.11 PMPM*12 months). A 2.4% inflation rate was used for FY21 and FY22.

FY20 (6 mos): Total: \$90,617 (GR \$31,183; FF \$59,434);
FY21: Total: \$185,583 (GR \$63,863; FF \$121,720; and,
FY22: Total: \$190,037 (GR \$65,396; FF \$124,641).

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

Officials from the **Office of Administration, Information Technology Services Division (OA, ITSD)/DSS** state system modifications will be required for the Missouri Eligibility Determination and Enrollment System (MEDES). 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 4,043.52 IT consultant contract hours at \$160 per hour for a total cost of \$646,963 (\$161,741 GR; \$485,222 Federal funds) in FY 2020.

In addition, it is assumed the Family and Children Electronic Services (FACES) system will require modifications. IT consultants are estimated to require 648.00 hours at \$75/hours to do the necessary modifications for a total of \$48,600 (\$32,076 General Revenue (GR); \$16,524 Federal Funds) in FY 2020.

It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. Contracted IT consultant hours are estimated at a rate of \$75 per hour.

ASSUMPTION (continued)

Oversight notes, based on information from OA, ITSD officials that 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.

Oversight also notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this proposal, ITSD assumes system changes will need to be made to the MEDES and FACES systems. The state has a contract with Redmane to perform system changes/enhancements to MEDES. However, since changes to FACES are made using a mix of ITSD staff and a contractor, Oversight assumes ITSD staff could make the required changes to FACES.

ITSD estimates the FACES project would take 648.00 hours at a contract rate of \$75 per hour for a total cost to the state of \$48,600 (\$32,076 GR; \$16,524 Federal funds). 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 additional IT Specialists to perform the work required by this proposal. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work for FACES updates (\$48,600 in FY 2020) to hiring 1 ($\$48,600 / \$75 / 2,080 \text{ hours} = 0.31$ rounded up) additional FTE IT Specialists (roughly \$80,000 per year) to complete the FACES system changes in approximately the same time as contract IT consultants. For FY 2021 and 2022, Oversight cannot assume FTE costs would be split between GR and Federal funds and will present costs as 100% GR.

Oversight notes the fiscal note response from OA, ITSD/DHSS was received at 4:57 p.m. Tuesday, March 26, 2019. The fiscal note request was sent out to all agencies March 1, 2019. Oversight has presented his fiscal note on the best current information that we have. Oversight will continue to review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Costs - DSS (\$208.151)</u>			
Increase in state share of MO HealthNet benefits for foster children	(\$31,183)	(\$63,863)	(\$65,396)
<u>Costs - OA, ITSD (\$208.151)</u>			
FACES system modifications (ranged from contracting out the programming (\$32,076) to hiring additional 1 FTE IT Specialist)	(\$32,076 to \$44,000)	\$0 or (\$80,800)	\$0 or (\$81,608)
MEDES modifications	(\$161,741)	\$0	\$0
Total <u>Costs</u> - OA, ITSD	(\$193,817 or \$205,741))	\$0 or (\$80,800)	\$0 or (\$81,608)
FTE Change - OA, ITSD	0 or 0.66 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT FOR THE GENERAL REVENUE FUND	<u>(\$225,000 or \$236,924)</u>	<u>(\$63,863 or \$144,663)</u>	<u>(\$65,396 or \$147,004)</u>
Estimated Net FTE Change on the General Revenue Fund	0 or 0.66 FTE	0 or 1 FTE	0 or 1 FTE
FEDERAL FUNDS			
<u>Income - DSS (\$208.151)</u>			
Increase in program reimbursements	\$59,434	\$121,720	\$124,641
<u>Income - OA, ITSD (\$208.151)</u>			
Reimbursement for MEDES and FACES system updates	\$501,746 or \$507,889	\$0	\$0
Total <u>All</u> Income	\$561,180 or \$567,323	\$121,720	\$124,641

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
FEDERAL FUNDS (continued)			
<u>Costs</u> -DSS (§208.151)			
Increase in program costs for children in foster care	(\$59,434)	(\$121,720)	(\$124,641)
<u>Costs</u> - OA, ITSD (§208.151)			
FACES system modifications (ranged from contracting out the programming to hiring additional 1 FTE IT Specialist)	(\$16,524 or \$22,667)	\$0	\$0
MEDES modifications	<u>(\$485,222)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - OA, ITSD	<u>(\$501,746 or \$507,889)</u>	<u>\$0</u>	<u>\$0</u>
FTE Change - OA, ITSD	0.34 FTE	0 FTE	0 FTE
Total <u>All</u> Costs	<u>(\$561,180 or \$567,323)</u>	<u>(\$121,720)</u>	<u>(\$124,641)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	0.34 FTE	0 FTE	0 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

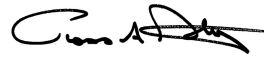
Under this act, persons who reside in Missouri, are at least 18 years of age and under 26, and who have received foster care for at least six months in another state shall be eligible for MO HealthNet benefits.

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
Office of Administration -
Information Technology Services Division/DSS

Kyle Rieman
Director
March 26, 2019



Ross Strope
Assistant Director
March 26, 2019