

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2440-04
Bill No.: HCS for SB 514
Subject: Medicaid/MO HealthNet
Type: Original
Date: May 8, 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	(\$235,962 or \$236,924)	(\$63,863 or \$144,663)	(\$65,396 or \$147,004)
Total Estimated Net Effect on General Revenue	(\$235,962 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 9 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 864.00 hours at \$75/hours to do the necessary modifications for a total of \$64,800 (\$42,768 General Revenue (GR); \$22,032 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 864.00 hours at a contract rate of \$75 per hour for a total cost to the state of \$64,800 (\$42,768 GR; \$22,032 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 (\$64,800 in FY 2020) to hiring 1 ($\$64,800 / \$75 / 2,080 \text{ hours} = 0.42 \text{ FTE}$, 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.

§§338.010 and 338.720 - Pharmacists to dispense self-administered oral contraceptives

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state this bill is anticipated to have no fiscal impact to the DIFP. However, should the extent of the work be more than anticipated, the DIFP would request additional appropriation and/or FTE through the budget process.

Oversight does not have any information to the contrary. Oversight assumes the DIFP has sufficient staff and resources to perform the additional duties mandated under this proposal and will reflect no fiscal impact to the DIFP for fiscal note purposes.

Oversight notes that the **Department of Health and Senior Services** states 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.

ASSUMPTION (continued)

In response to similar legislation (HCS HB 487), the **Department of Social Services** stated the proposal would not have a direct fiscal impact on the organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for that organization.

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.

In response to similar legislation (HCS HB 487), officials from the **Office of the Secretary of State (SOS)** stated 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.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Costs - DSS (§208.151) p. 4</u>			
Increase in state share of MO HealthNet benefits for foster children	(\$31,183)	(\$63,863)	(\$65,396)
<u>Costs - OA, ITSD (§208.151) p. 5</u>			
FACES system modifications (ranged from contracting out the programming (\$42,768) to hiring additional 1 FTE IT Specialist)	(\$42,768 to \$44,000)	\$0 or (\$80,800)	\$0 or (\$81,608)
MEDES modifications	(\$161,741)	\$0	\$0
Total <u>Costs</u> - OA, ITSD	<u>(\$235,692 or \$236,924)</u>	<u>\$0 or (\$80,800)</u>	<u>\$0 or (\$81,608)</u>
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>(\$235,962 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) p. 4</u>			
Increase in program reimbursements	\$59,434	\$121,720	\$124,641
<u>Income - OA, ITSD (§208.151) p. 5</u>			
Reimbursement for MEDES and FACES system updates	<u>\$507,254 or \$507,889</u>	<u>\$0</u>	<u>\$0</u>
Total <u>All Income</u>	<u>\$566,688 or \$567,323</u>	<u>\$121,720</u>	<u>\$124,641</u>

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
FEDERAL FUNDS (continued)			
<u>Costs -DSS (§208.151) p. 4</u>			
Increase in program costs for children in foster care	(\$59,434)	(\$121,720)	(\$124,641)
<u>Costs - OA, ITSD (§208.151) p. 5</u>			
FACES system modifications (ranged from contracting out the programming to hiring additional 1 FTE IT Specialist)	(\$22,032 or \$22,667)	\$0	\$0
MEDES modifications	(\$485,222)	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - OA, ITSD	<u>(\$507,254 or \$507,889)</u>	<u>\$0</u>	<u>\$0</u>
FTE Change - OA, ITSD	0.34 FTE	0 FTE	0 FTE
Total <u>All Costs</u>	<u>(\$566,688 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

§338.720 - This proposal would directly impact small business pharmacies. Pharmacists in small businesses must complete a training program related to prescribing self-administered oral hormonal contraceptives, provide a self-screening risk assessment tool for use by the patient prior to the pharmacist's prescribing the contraceptive available, be able to refer the patient to the patient's primary care practitioner or women's health care practitioner before dispensing self-administered oral contraceptives, and provide the patient with a written record of the contraceptive prescribed.

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 Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Social Services
Office of Administration -
 Information Technology Services Division/DSS
Joint Committee on Administrative Rules
Office of Secretary of State



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