COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2200H.01I
Bill No.: HB 970
Subject: Medicaid/MO HealthNet; Department of Social Services
Type: Original
Date: February 10, 2023

Bill Summary: This proposal modifies the Ticket to Work Health Assurance program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026*
General Revenue	($1,206,989)	($1,234,050)	($215,571)
Total Estimated Net Effect on General Revenue	**($1,206,989)**	**($1,234,050)**	**($215,571)**

*Per subsection 208.146.9, the program expires August 28, 2025; therefore, Oversight is only showing two (2) months of impact in FY 2026.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Federal Funds*	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

* Income and expenditures exceed $1.8 million in FY 24; $2 million in FY 25; $352,000 in FY 26 and net to $0. Provisions of this proposal expire August 28, 2025.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

§208.146 – Changes to the Ticket to Work Health Assurance program

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** state this proposal changes the income disregards and countable assets of the current Ticket to Work Health Assurance program. The act removed the current gross and net income maximums and changes the total income test after deductions to 250% of the federal poverty level (FPL). The first $50,000 per year of the earned income of the disabled worker's spouse would be included in the deduction to income prior to the 250% FPL test in addition to these current deductions; a twenty dollar standard deduction, health insurance premiums, a seventy-five dollar a month standard deduction for optical and dental insurance when the premiums are less than seventy-five dollars, all supplemental security income and first fifty dollars of social security disability income, and a standard impairment-related employment deduction of one-half of the disabled worker's earned income. The act also excludes all retirement accounts in consideration of assets and keeps the current asset limit of $5,301.85 for an individual and $10,603.70 for a couple. Resources exempted from inclusion in the asset limit are: medical savings accounts valued less than $5,000 per year; independent living account annual deposits and earnings under $5,000 per year; and retirement accounts.

FSD determined there would be 13,628 individuals eligible for this program already receiving some type of MO HealthNet benefits. FSD determined these individuals by identifying the current population who meet the new eligibility parameters described in the proposal. This population includes the 2,144 current Ticket to Work Health Assurance program eligibles, 10,966 individuals receiving other MO HealthNet benefits and 507 receiving Qualified Medicaid Beneficiary/ Specified Low-Income Medicare Beneficiary (QMB/SLMB) only. Because these QMB/SLMB only cases do not currently receive full MO HealthNet benefits, any new cases resulting from that population are included in the calculation of new eligibles.

FSD determined there will be 523 new MO HealthNet cases eligible for the MO HealthNet TWHA program if the income and countable asset eligibility are changed as proposed.

FSD arrived at 523 new cases in this manner:

The data collected to determine the number of individuals assumed to be eligible include all individuals age 16 to 64, employed with taxes withheld from their income, and income after deductions under 250% of Federal Poverty Level (FPL). The income was determined by deducting the first $50,000 of the disabled worker's spouse's income, all SSI payments and all of any other individual's income in the household. FSD was not able to also include the other applicable deductions in the calculation due to system limitations.

In FY 2022, FSD closed or rejected (due to excess resources over $5,301.85 for an individual and $10,603.70 for a couple, including retirement funds as countable assets) 101 MO HealthNet for Aged, Blind and Disabled (MHABD) applications of employed individuals, age 16 to 64, claiming a disability. Of those, 16 individuals had income after deductions (using the parameters explained above) of less than 250% FPL. Fifteen (15) of these individuals would be eligible for the TWHA program at a non-premium level while one (1) would be eligible at a premium level.

Total New Cases from MHABD Rejections:
15 (non-premium)
1 (premium)
16 Subtotal

FSD would also see an increase in eligibles from the QMB/SLMB population due to the change in countable assets. In FY 2022, there was an average of 2,315 QMB persons. Of these, 178 individuals would be eligible for the TWHA program. 169 of these individuals would be eligible at a non-premium level, while 9 would be eligible at a premium level.

Total New Cases from QMB:
169 (non-premium)
9 (premium)
178 Total

In FY 2022, there was an average of 5,408 SLMB persons who would meet the current resource limits if the changes in countable assets are implemented. Of these, 329 would be eligible for the TWHA program. 136 of these individuals would be eligible at a non-premium level.

Total New Cases from SLMB:
193 (non-premium)
136 (premium)
329 Total

Total New Cases from QMB and SLMB:
178 (QMB)
329 (SLMB)
507 New Cases Total

FSD anticipates a potential increase in applications as a result of the change in types of countable resources and changes in income calculations. These applications would come from a previously unknown population who currently choose not to apply due to the current countable resource inclusions and/or income guidelines.

FSD previously reported the number of Missouri individuals age 19 to 64, who are uninsured/not on MHN, who claim a health problem limiting work, who are employed, have income between

101% - 200% FPL, but are not married. According to the most recent U.S. Census Bureau data, there are zero individuals in this population.

Total New MO HealthNet Cases:
16 (MHABD rejections/closures)
178 (QMB)
329 (SLMB)
523 New Cases Total

Under Amendment 2, Missouri Constitution Article IV, Section 36(c), effective July 1, 2021, DSS extended MO HealthNet coverage to persons age 19-64 with income under 138% of the federal poverty level, known as the Adult Expansion Group (AEG). FSD assumes all new individuals eligible for this program are ineligible for AEG due to receipt of Medicare, SSI, or income greater than 138% of the federal poverty level as the deductions for the Ticket to Work Health Assurance Program outlined in the provisions of this legislation are not allowable in AEG eligibility guidelines.

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

FSD assumes the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS will include the Family Assistance Management Information System (FAMIS) programming costs for the system changes as well as the system-generated notice needed to implement provisions of this bill in their response.

Therefore, there is no fiscal impact to the Family Support Division.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for FSD.

Officials from the **DSS, MO HealthNet Division (MHD)** state FSD provided MHD with data on eligibles who would qualify for the TWHA program provisions under this bill. Out of these eligibles, there are two groups: Those who currently receive MO HealthNet benefits under a different eligibility category; and those who are not currently receiving MO HealthNet benefits and would be new eligibles.

There are 13,617 eligibles who meet eligibility requirements to receive MO HealthNet benefits that also meet the new eligibility parameters described above. Out of the 13,617 eligibles, 2,144 are currently in the TWHA program. That leaves 11,473 (13,617 – 2,144) eligibles who could switch to this new program. Out of the 11,473 eligibles, there are 9,579 that would not switch (i.e. no regular source of earned income, already receive full medical coverage, etc.). In addition, there are 178 individuals that currently receive full MO HealthNet benefits as dual eligibles (QMB only) that would not switch. That leaves **1,716** (11,473 – 9,579 – 178) eligibles that could switch.

Out of the 1,716 eligibles, 498 qualify under the "non-premium" will likely enroll in the modified Workers with Disabilities program because they don't currently meet spenddown; 330 non-premium will be added because they are only receiving limited medical benefits under Medicare now (SLMB and (Qualifying Individuals (QI) only); and 891 (356 non-premium and 535 premium) who currently meet spenddown. MHD assumes all individuals who currently meet spenddown that qualify for the non-premium program (0-100%) would switch over to avoid paying spenddown. MHD further assumes those that currently meet spenddown and qualify for the premium program would likely switch because paying the annual premium (4 to 6% of income) would be more affordable than meeting spenddown. However, the 891 individuals who meet spenddown receive full Medicaid coverage now. **Therefore, the only costs MHD includes in this estimate for this group are their spenddown amounts as MO HealthNet would now cover the costs of these services in lieu of the individual.**

FSD also identified 723 (488 non-premium and 235 premium) newly eligible individuals that are not receiving MO HealthNet benefits. Of those 723 individuals, 529 have already been identified as SLMB and QI individuals and 178 are QMB individuals that currently receive full MO HealthNet benefits as dual eligibles that wouldn't switch, which leaves 16 individuals that are not receiving MO HealthNet benefits. Due to this legislation, there are also 827 (437 non-premium and 390 premium) participants that will switch because they don't meet the spenddown now, or will add the TWHA program because they are getting limited Medicare now. This brings a grand total of 843 [452 = (15 + 437) non-premium, and 391 = (1 + 390) premium] participants that could be added.

An annual cost per person was calculated for the premium for personal care services ($959) and nonemergency medical transportation (NEMT) ($296) using FY 22 TWHA expenditures. Also, an annual cost per person was calculated for the non-premium for personal care services ($995) eligibles using FY 22 TWHA expenditures.

The cost for new premium eligibles is $603,831 [(personal care plus NEMT average cost) * 481 possible premium participants added].

There are 438 additional eligibles who would switch for a total cost of $1,921,639. The 97 premium eligibles would have to pay a premium. MHD calculated a total savings of $1,233,280 from premium payments and QI/SLMB savings. The total cost for the premium group would be **$2,490,618** (Cost for new premium eligibles + Spenddown eligibles – Premium collections – SLMB and QI savings).

	$603,831	Cost for new premium eligibles
+	$3,120,067	Spend Down eligibles from TWHA population
-	$788,050	Premium collections
-	$445,230	QI/SLMB savings
	$2,490,618	**Total cost for premium group**

The costs for new non-premium eligibles is $560,128 (average cost * 563 possible non-premium participants added). There are 356 spenddown eligibles who would switch for a total cost of $619,437. The total cost for non-premium eligibles is **$578,009** (Cost for new eligibles + Spenddown eligibles – SLMB and QI savings).

	$560,128	Cost for new non-premium eligibles
+	$619,436	Spend Down eligibles
-	$381,908	SLMB
-	$219,647	QI savings
	$578,009	**Total cost for non-premium group**

The total cost for the premium and non-premium groups is **$3,068,628 ($2,490,619 + $578,009)**. This estimate includes costs for services provided by DHSS. MHD assumed a portion of these costs would be funded through other funding sources. To calculate the FY 24 cost, it is assumed there would only be 10 months of expenditures.

The proposed legislation is only including services for Personal Care and NEMT. If the proposed legislation passes, a waiver would need to be required to only have these services be covered.

Also, an update to the MMIS system would be needed due to limiting these individuals to only include Personal Care and NEMT services. An estimated cost for this update would be $126,000.

For FY 24, MHD further assumed new eligibles would phase in, with 1/10 of the annual total adding to the program monthly. Beginning in FY 25, all eligibles are fully phased in.

For **new** non premium members, the annual total number of participants is estimated to be phased in at the end of ten months is 925. With phase in at 1/10 of this total per month (925 * 1/10 = 92.5 individuals), MHD expects a cumulative effect of all new non premium participants phased in (92.5 in month 1; 185 in month 2; etc.) by the close of FY 24 for a cost of $421,796.

Total cost for the non-premium group in FY 24 is estimated to be $762,951:

  $516,197 = ($619,437/12) * 10 (Spend Down eligibles from TWHA)
+ $421,797 (New non premium eligibles)
- $175,041 (Cumulative Medicare premium payments for new non premium eligibles)
  $762,951 Total costs for non-premium eligibles in FY 24

For **new** premium members, the annual total number of participants is estimated to be phased in at the end of ten month is 625. With phase in at 1/10 of this total per month (625 * 1/10 = 62.5 individuals), MHD expects a cumulative effect of all premium participants phased in (62.5 in month 1; 125 in month 2; etc.) by the close of FY 24 for a cost of $274,800.

  $1,601,366 = ($1,921,639/12) * 10 (Spend Down eligibles from TWHA population)
+ $988,394 = ($1,186,073/12) * 10 (Other Spend Down eligibles)

-	$252,434 = ($302,921/12) * 10	(Loss in premium collections from current eligibles)
+	$274,800	(Cumulative cost for new premium eligibles)
-	$122,43	(Cumulative Medicare premium payments for new premium eligibles)
-	$222,373	(Total estimated premium collections)
	$2,267,314	**Total costs for premium eligibles in FY 24**

The total cost of the new program eligibles in FY 24 is estimated at $2,109,667 ($1,983,667 cost for new eligibles and $126,000 for MMIS updates).

A 5.47% inflation factor was used to calculate the total cost for FY 25 and beyond. Until the FY 24 budget is finalized, specific funding sources cannot be identified.

The total costs including MMIS changes for this legislation are:

FY 24 (10 months):	Total: $3,156,266 ($1,194,267 GR; $1,961,999 Federal)
FY 25:	Total: $3,234,334 ($1,234,050 GR; $2,000,283 Federal)
FY 26:	Total: $3,408,988 ($1,293,424 GR; $2,115,564 Federal)

Oversight does not have information to the contrary. However, Oversight notes the provisions of this proposal expire on August 28, 2025. Therefore, Oversight will reflect the estimates as provided by MHD with only 2 months of program costs for FY 2026.

DSS officials provided the response from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS**. Officials from OA, ITSD/DSS state the bill will require changes to eligibility determinations, table values and reporting requirements, impacting the Family Assistance Management Information System (FAMIS) application.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at $95/hour. It is assumed FAMIS modifications will require 267.84 hours for a cost of $25,444 (267.84 * $95), split 50% GR; 50% Federal in FY 24 exclusively.

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

Officials from the **Office of Administration (OA) - Budget and Planning (B&P)** defer to DSS for the potential fiscal impact of this proposal. Therefore, Oversight will reflect a zero impact in the fiscal note for OA, B&P.

FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026 (2 Mo.)
GENERAL REVENUE FUND			
Costs - DSS (§208.146) Increase in state share of program costs pp. 6-8	($1,131,267)	($1,234,050)	($215,571)
Costs - DSS/MHD (§208.146) MMIS system updates p. 8	($63,000)	$0	$0
Costs - OA, ITSD/DSS (§208.146) FAMIS system updates p. 8	($12,722)	$0	$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**($1,206,989)**	**($1,234,050)**	**($215,571)**
FEDERAL FUNDS			
Income - DSS (§208.146) Increase in program reimbursements pp. 6-8	$1,898,999	$2,000,283	$352,594
Income - DSS/MHD (§208.146) MMIS system update reimbursements p. 8	$63,000	$0	$0
Income - OA, ITSD/DSS (§208.146) FAMIS system update reimbursements p. 8	$12,722	$0	$0
Costs - DSS (§208.146) Increase in program expenditures pp. 6-8	($1,898,999)	($2,000,283)	($352,594)
Costs - DSS/MHD (§208.146) MMIS system update expenditures p. 8	($63,000)	$0	$0
Costs - OA, ITSD/DSS (§208.146) FAMIS system update expenditures p. 8	($12,722)	$0	$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**

FISCAL IMPACT – Local Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
	$0	**$0**	**$0**

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill changes the Program as follows: (1) Excludes retirement accounts from asset limit calculations; (2) Modifies the income calculation from a net/gross calculation to a broader definition that would consider income for those disabled persons with incomes up to 250% FPL, with earned income of the disabled worker from 250% to 300% FPL disregarded, and retaining the requirement that persons with incomes over 100% FPL pay a premium; (3) Removes all earned income of the disabled worker from the list of disregards in income determinations; (4) Adds to the list of disregards the first $50,000 of earned income of a spouse; (5) If the Department elects to pay the person's costs of employer-sponsored health insurance, MO HealthNet assistance shall be provided as a secondary or supplemental policy for only personal care assistance services and non-emergency medical transportation; and (6) The Department shall provide an annual report to the General Assembly concerning the number of participants and outreach and education efforts (§208.146).

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 - Budget and Planning

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February 10, 2023

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