

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0273-06
Bill No.: CCS for HCS for SCS for SB 35
Subject: Health Care; Medicaid; Social Services Department; Public Assistance
Type: Original
Date: May 7, 2015

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
General Revenue	(\$1,012,881)	(\$441,254)	(\$627,258)	(\$2,004,146)
Total Estimated Net Effect on General Revenue	(\$1,012,881)	(\$441,254)	(\$627,258)	(\$2,004,146)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Various Other State Funds	\$291,720	\$918,732	\$843,874	(\$48,684)
Total Estimated Net Effect on <u>Other</u> State Funds	\$291,720	\$918,732	\$843,874	(\$48,684)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 19 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

* Income and expenses exceed \$250,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
General Revenue	1.2	1.2	1.2	1.2
Various Other State Funds	0.6	0.6	0.6	0.6
Federal	1.2	1.2	1.2	1.2
Total Estimated Net Effect on FTE	3	3	3	3

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 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS)** provide the following assumptions for this proposal:

Section 208.065 - Eligibility Verification:

This section requires the DSS to procure a contract no later than January 1, 2016, to verify eligibility for assistance under the supplemental nutrition assistance program (SNAP); the temporary assistance for needy families (TANF) program; the child care assistance program; and the MO HealthNet program using name, date of birth, address, and Social Security number of each applicant and recipient against public records and other data sources to verify eligibility data.

DSS assumes the department would contract for this service. The contractor will conduct data match services to determine which participants may not be eligible for SNAP, TANF, child care assistance and MO HealthNet benefits. If there is no information/data that contradicts the original determination of benefits, then DSS assumes the participants are still eligible. However, DSS assumes all final eligibility determinations will be made by FSD.

Estimates for a contractor to provide services to implement eligibility determinations are based on past calculations prepared for the FY 2015 budget cycle as part of the Governor's recommendation. In addition, DSS assumes for the cases that are identified, case management services would be contracted to provide follow up analysis of each case. Contract and case management costs are estimated to be \$2,774,200 (\$1,120,167 GR; \$1,654,033 Federal) in FY 2016, \$3,977,001 (\$1,710,357 GR; \$2,266,644 Federal) in FY 2017 and \$4,144,035 (\$1,782,192 GR; \$2,361,843 Federal) in FY 2018.

DSS based its savings on the Illinois Medicaid Redetermination Project report. According to the Illinois information, many Illinois cases had not been reinvestigated for some time. Missouri has been timelier on reinvestigations; therefore, DSS assumes a lesser percentage of cases reviewed would be cancelled. DSS assumed 75% of the Illinois caseload for the first 5 months of the first calendar year; 50% of the Illinois caseload for the last 7 months of the first calendar year and the first 6 months of the second calendar year; and then 25% of the Illinois caseload for the remainder of year two. There are no additional savings projected for year three.

Medicaid savings: DSS assumes \$236 per member per month (PMPM) savings. This is half of TANF participant PMPM costs. Illinois found that many participants losing coverage did not have PMPM costs representative of the caseload because they had not accessed services. Illinois' actual PMPM savings from first group was \$55 PMPM. DSS assumes Missouri savings would be

ASSUMPTION (continued)

more since Missouri has been completing reinvestigations timelier. Potential savings to the state from recoveries is \$2,280,112 (\$501,766 GR; \$334,511 Other Funds; \$1,443,835 Federal) in FY 2016; \$8,867,102 (\$1,951,312 GR; \$1,300,875 Other Funds; \$5,614,915 Federal) in FY 2017; for a cumulative total savings of \$14,947,400 (\$3,289,355 GR; \$2,192,903 Other Funds; \$9,465,142 Federal) in FY 2018.

SNAP savings: DSS assumes \$261 per member per month (PMPM) savings. Using the same methodology, potential savings are \$1,143,180 in Federal Funds for FY 2016; \$4,444,830 in Federal Funds for FY 2017; for a total cumulative SNAP Federal Fund savings of \$7,493,832 in FY 2018.

Food Stamp benefits are paid by the federal government and are not included in FSD's appropriations.

CFR 272.4(a)(2) Program administration and personnel requirements:

Due to federal rules for the Food Stamp program, FSD would be required to request a waiver to implement this process for Food Stamp applicants. If the waiver is not approved by the federal Food and Nutrition Services, FSD reasonably anticipates there could be sanctions imposed by the United State government if this process were implemented without an approved waiver. These sanctions could include a disallowance of some or all of the federal Food Stamp program funding.

TANF savings: DSS assumes \$227 per member per month (PMPM) savings. Using the same methodology, potential savings are \$72,867 in Federal Funds in FY 2016; \$282,615 in Federal Funds in FY 2017; for a total cumulative TANF Federal Funds savings of \$477,381 in FY 2018.

This would result in a reduction of TANF spending on cash assistance, but not a savings in TANF funding because all TANF must be spent on one of the four purposes of the TANF program:

- 1) To provide assistance to needy families;
- 2) To end dependence of needy parents by promoting job preparation, work and marriage;
- 3) To prevent and reduce out-of-wedlock pregnancies; and
- 4) To encourage the formation and maintenance of two-parent families.

FSD anticipates a shift in spending from cash grants to eligible families to other purposes of the TANF program.

Child care savings: DSS assumes \$309 per member per month (PMPM) savings. Using the same methodology, potential savings are \$112,167 in Federal Funds for FY 2016; \$437,235 in Federal Funds for FY 2017; for a total cumulative Child Care Development Federal Fund savings of \$735,729 in FY 2018.

ASSUMPTION (continued)

This would result in a reduction of child care spending on assistance, but not a savings in Child Care Development Fund (CCDF) funding because all CCDF must be spent on child care assistance or child care quality programs.

Estimated cumulative savings for these four programs are \$3,608,326 (\$501,766 GR, \$334,511 Other Funds, \$2,772,049 Federal) in FY 2016; \$14,031,782 (\$1,951,312 GR, \$1,300,875 Other Funds, \$10,779,595 Federal) in FY 2017; for a total cumulative savings for four programs of \$23,654,342 (\$3,289,355 GR, \$2,192,903 Other Funds, \$18,172,084 Federal) in FY 2018. DSS assumes no additional savings after the third year (FY 2018).

TOTAL IMPACT

	TOTAL	GR	Federal	Other Funds
FY 2016	\$834,126	(\$618,401)	\$1,118,016	\$334,511
FY 2017	\$10,054,780	\$240,955	\$8,512,950	\$1,300,875
FY 2018	\$19,510,306	\$1,507,163	\$15,810,240	\$2,192,903
FY 2019	\$19,336,257	\$1,432,311	\$15,711,043	\$2,192,903

Oversight will present the individual savings for Medicaid/MO HealthNet and SNAP by year rather than as cumulative totals. Since funds for TANF must be spent on one of the four purposes of the TANF program and Child Care funds must be spent on child care assistance or child care quality programs, these do not actually present a savings to the state and will not be presented in the fiscal note.

Costs for the eligibility verification contract have been extrapolated from FY 2018 to FY 2019 using a 4.2% inflation factor per DSS information. As provided earlier, DSS assumes no additional savings will accrue to the state as a result of the contract after FY 2018.

Division of Legal Services (DLS) officials state it is assumed that the contractor's review of all applicant and client eligibility information would result in additional adverse case actions due to the contractor's discovery of previously unreported adverse eligibility information. The additional case closings would in turn result in additional hearings contesting the adverse action taken by FSD. It is not possible to accurately estimate the increase in hearings as it is not possible to accurately measure the potential for fraud by FSD clients, but it can be assumed there would be at least a one percent increase in administrative hearings. In calendar year 2014, the DLS Hearings Unit issued 12,516 decisions of all types. Assuming there was a 1% increase in hearings, DLS anticipates that 125 additional administrative hearings will be requested to contest whether individuals or couples should have their benefits terminated or decreased. DLS believes that it will take approximately two hours to conduct each hearing required by this bill. This will

ASSUMPTION (continued)

include hearing preparation, the actual hearing and the writing and reviewing of the hearing decision. DLS assumes that hearing officers can hold approximately 900 hearings per year. DLS will be able to absorb the additional hearings with existing staff.

DSS provided the **Office of Administration (OA), Information Technology Services Division (ITSD)** response. ITSD states it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

The Family Assistance Management Information System (FAMIS) is expected to provide a file with the name, date of birth, address, and Social Security number of each applicant and recipient, and additional data provided by the applicant or recipient relevant to eligibility against public records and other data sources to verify eligibility data. There is no mention of the frequency of this exchange except the fact that deaths, moving out of state, and incarceration should be verified monthly.

This could end being a major change in FAMIS based on the actual requirement. The requirement talks about “name, date of birth, address, Social Security number of each applicant and recipient”. There are certain screens where FAMIS does not require the Eligibility Specialist (ES) to enter details of the applicant if they are not requesting benefits and this might have to change. Also, at this time, ITSD does not know if this will in any way impact the existing annual reinvestigation/recertification process in FAMIS. At this time, ITSD also does not know of any special requirements as far as forms and notices are concerned.

It should also be kept in mind that some of the MO HealthNet programs are already in the Missouri Eligibility Determination and Enrollment System (MEDES).

ITSD estimates the following contracted IT consultant hours and costs related to this proposal:

<u>Section</u>	<u>Hours</u>	<u>Rate/Hour</u>	<u>GR</u> <u>Costs</u>	<u>Federal Funds</u> <u>Costs</u>
208.065.1	457.92	\$75	\$34,344	
208.065.2	172.80	\$75	\$12,960	
208.065.3	276.48	\$75	\$20,736	
208.065.3	276.48	\$75	\$20,736	
208.065.4	<u>172.80</u>	\$75	<u>\$12,960</u>	
Total	1,356.48		\$101,736	

208.078 - Termination of Benefits:

This section requires the Department of Social Services to terminate MO HealthNet services when it receives information that a MO HealthNet recipient, excluding a child in the state’s custody, resides out of state. The FSD currently terminates benefits when it receives notification for out of state residency. DSS assumes no fiscal impact from this section.

ASSUMPTION (continued)

208.670 - 208.686 - Asynchronous Store-and-Forward Technology, Telehealth Advisory Committee, Telehealth Technology, and Statewide Home Telemonitoring Services:

In 2014 there were 16,478 telehealth visits. MHD estimates that 20% of the telehealth visits will be the amount of new asynchronous store-and-forward visits resulting in 3,296 ($16,478 * 20\%$) visits. MHD estimates that the costs to transmit the data from the patient site to the distant site will be \$21.90 per transmission for a total cost of \$72,183 ($3,296 \text{ visits} * \21.90). MHD estimates that 2,472 ($3,296 * 75\%$) store-and-forward visits will require additional care. MHD estimates that it will cost \$63 for each additional care visit for a total cost of \$155,736 ($2,472 * \63).

The total cost for asynchronous store-and-forward in Fiscal Year (FY) 2016 is \$227,919 ($\$72,183 + \$155,736$). Since there will be only 10 months in FY 2016, the cost will be \$189,933 ($\$227,919 * 10/12$). A 1.9% inflation factor was used to calculate FY 2017 and beyond.

With patients utilizing store-and-forward, there would be a non-emergency medical transportation (NEMT) savings of \$25 per visit for a total savings of \$82,400 ($\$25 * 3,296 \text{ visits}$). MHD doesn't expect to see these savings until FY 2018 due to rate development methodologies in NEMT capitation payments (there is a two year lag to incorporate the lower NEMT utilization into the rates). The \$82,400 was trended using a 1.9% inflation factor to get to the savings for FY 18. MHD assumes it will see 75% of the FY 2018 savings due to FY 2016 costs only being for 10 months.

A State Plan Amendment (SPA) would be required for the asynchronous store-and-forward services.

For Section 208.671 there would be a Medicaid Management Information System (MMIS) cost to update the system. MHD estimates that it will cost \$200,000 in system work and \$75,000 in staff time to do the work for a total of \$275,000.

MHD estimates it will need 1.25 additional FTEs at the Management Analysis Specialist II position for system work, integration, evaluation, and to establish guidelines.

Oversight assumes the MHD would not hire 0.25 FTE Management Analysis Specialist II and would assign the duties to existing staff.

Section 208.673 establishes the "Telehealth Services Advisory Committee." MHD estimates it will need 1 additional FTE at the Program Development Specialist level to coordinate the new advisory committee, coordinate between state departments, oversee the program, plan agendas, attend meetings, take minutes, oversee filling vacancies, etc.

ASSUMPTION (continued)

Section 208.675 and 208.677 lists eligible health care providers and originating sites for telehealth services. 13 CSR 70-3.190 describes MO HealthNet's (MHD) telehealth services and does not include School, MHD participant's home, and clinical designated area pharmacy as an originating site. After further research, MHD assumes School based telehealth services would likely increase the utilization of Behavioral Health counseling services. Behavioral health counseling is currently considered the only allowable service through telehealth that can be billed by schools. MHD reimburses schools for the federal share of costs incurred. The current FY2014 spend for Behavioral Health counseling is \$477,000 for 12,639 annual visits. Assuming a 5% increase in number of visits to the school based originating site, this would add \$5,846 in originating fees in FY 2016 (632 visits x \$9.25 federal portion of originating site fees per visit as schools pay the state share). There is also a savings to NEMT costs for providing this service in schools. Due to NEMT capitation rate methodologies, there is a two year lag to incorporate the lower NEMT utilization in to the rates. Initially, MHD would see increased costs in FY 2016 and FY 2017 and NEMT savings would begin to occur in FY 2018 and be fully implemented into the rates by FY 2019.

MHD assumes that the requirements for adding a clinical designated area in a pharmacy for telehealth services would be cost prohibitive to the pharmacy and will not have a fiscal impact on MHD.

13 CSR 70-3.190 Telehealth Services requires the telehealth service to be performed on a "private, dedicated telecommunications line approved through the Missouri Telehealth Network (MTN). The telecommunications line must be secure and utilize a method of encryption adequate to protect the confidentiality and integrity of the Telehealth service information. The Missouri Telehealth Network must also approve the equipment that will be used in Telehealth service." It further states that both a distant and originating site shall use authentication and identification to ensure confidentiality. In addition, the Code of State Regulations (CSR) specifies that the originating site (patient location) must ensure immediate availability of clinical staff during a Telehealth encounter in the event a participant requires assistance.

Based on these requirements, MHD assumes in-home telehealth would be cost prohibitive to MHD participants and there would be no fiscal impact.

Section 208.686 provides that, subsection to appropriations, the department shall establish a statewide program that permits reimbursement under the MHD program for home telemonitoring services if it would be cost effective and feasible.

MHD is currently running reports to see if telemonitoring is cost effective. Assuming that it is cost effective, there will be no impact to MHD. This bill would make telemonitoring a state plan service which would require a State Plan Amendment (SPA).

ASSUMPTION (continued)

MHD estimates it will need 1 FTE at the Social Services Manager B2 position for evaluation of the cost effectiveness of the service.

The total costs for this proposal are:

FY 2016 (10 months): Total \$699,206 (GR \$298,923; Other \$45,880; Federal \$354,403);

FY 2017: Total \$488,336 (GR \$185,234; Other \$50,026; Federal \$253,076); and

FY 2019: Total \$395,977 (GR \$151,411; Other \$50,839; Federal \$193,727) fully implemented.

Oversight will calculate FY 2018 costs and present them in the fiscal note table.

660.755 - Joint Interim Legislative Committee on Human Investment and Social Impact

Bonds:

This section does not pertain to the DSS.

Section 1

Oversight assumes the provisions relating to a wage rate for personal care attendants will have no fiscal impact since any recommendation will not be implemented unless a specific appropriation is made by the General Assembly.

Bill as a Whole:

In response to similar provisions (HCS for HB 319), officials from the **University of Missouri (University)** stated the fiscal impact of this proposal is difficult to determine. It is possible that the rules created by the DSS based on the instructions from this proposal could have a positive impact on the University.

Oversight assumes no impact to the University since it is speculative as to what rules will be created by DSS.

In response to similar provisions (HCS for HB 319), officials from the **Office of the Governor (GOV)** stated the proposal should result no added cost to the GOV. However, if additional duties are placed on the office related to appointments in other Truly Agreed To and Finally Passed (TAFP) legislation, there may be the need for additional staff resources in future years.

Officials from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Corrections**, the **Joint Committee on Administrative Rules**, the **Missouri Senate**, the **Office of Administration** and the **Office of State Treasurer** each assume the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

In response to various similar proposals, 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 \$2,500. 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 request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
GENERAL REVENUE FUND				
<u>Savings - DSS-FSD/MHD</u> (§208.065)				
Recovery from eligibility verifications for Medicaid/MO HealthNet	\$501,766	\$1,449,546	\$1,338,043	\$0
<u>Savings - DSS-MHD</u> (§§208.670 - 208.677)				
Reduced NEMT costs	\$0	\$0	\$0	\$38,717
<u>Costs - DSS-FSD/MHD</u> (§208.065)				
Contract and case management fees for eligibility verifications	(\$1,120,167)	(\$1,710,357)	(\$1,782,192)	(\$1,857,044)
<u>Costs - OA-ITSD</u> (§208.065)				
Contract IT costs	(\$101,736)	\$0	\$0	\$0

<u>FISCAL IMPACT - State</u> <u>Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
GENERAL REVENUE FUND (cont.)				
<u>Costs - DSS-MHD</u> (§§208.670 - 208.677)				
MMIS system costs (§208.671)	(\$137,500)	\$0	\$0	\$0
Program distributions for asynchronous telehealth services (§208.670.4)	<u>(\$69,660)</u>	<u>(\$85,181)</u>	<u>(\$86,800)</u>	<u>(\$88,450)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$207,160)</u>	<u>(\$85,181)</u>	<u>(\$86,800)</u>	<u>(\$88,450)</u>
<u>Costs - DSS-MHD</u> (§§208.670 - 208.677)				
Personal service	(\$48,273)	(\$58,507)	(\$59,092)	(\$59,683)
Fringe benefits	(\$25,104)	(\$30,427)	(\$30,731)	(\$31,038)
Equipment and expense	<u>(\$12,207)</u>	<u>(\$6,328)</u>	<u>(\$6,486)</u>	<u>(\$6,648)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$85,584)</u>	<u>(\$95,262)</u>	<u>(\$96,309)</u>	<u>(\$97,369)</u>
FTE Change - DSS-MHD	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$1,012,881)</u>	<u>(\$441,254)</u>	<u>(\$627,258)</u>	<u>(\$2,004,146)</u>
Estimated Net FTE Change on the General Revenue Fund	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE

<u>FISCAL IMPACT - State</u> <u>Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
OTHER STATE FUNDS (various)				
<u>Savings - DSS-FSD/MHD</u> (§208.065)				
Recovery from eligibility verifications for Medicaid/MO HealthNet	\$334,511	\$966,364	\$892,028	\$0
<u>Costs - DSS-MHD</u> (§§208.670 - 208.677)				
Personal service	(\$24,137)	(\$29,254)	(\$29,546)	(\$29,841)
Fringe benefits	(\$12,552)	(\$15,214)	(\$15,365)	(\$15,519)
Equipment and expense	(\$6,102)	(\$3,164)	(\$3,243)	(\$3,324)
Total <u>Costs - DSS-MHD</u>	<u>(\$42,791)</u>	<u>(\$47,632)</u>	<u>(\$48,154)</u>	<u>(\$48,684)</u>
FTE Change - DSS-MHD	0.6 FTE	0.6 FTE	0.6 FTE	0.6 FTE
ESTIMATED NET EFFECT ON OTHER STATE FUNDS (various)	<u>\$291,720</u>	<u>\$918,732</u>	<u>\$843,874</u>	<u>(\$48,684)</u>
Estimated Net FTE Change on Other State Funds (various)	0.6 FTE	0.6 FTE	0.6 FTE	0.6 FTE
FEDERAL FUNDS				
<u>Income - DSS-FSD/MHD</u> (§208.065)				
Income for program reimbursements for contract and case management fees for eligibility verifications	\$1,654,033	\$2,266,644	\$2,361,843	\$2,461,040
<u>Income - DSS-MHD</u> (§§208.670 - 208.677)				
Increase in program reimbursements	\$345,294	\$248,285	\$252,423	\$256,648

<u>FISCAL IMPACT - State</u> <u>Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
FEDERAL FUNDS (cont.)				
<u>Savings - DSS-FSD/MHD</u> (§208.065)				
Reduction in program expenditures due to verification of eligibility for Medicaid/MO HealthNet	\$1,443,835	\$4,171,080	\$3,850,227	\$0
<u>Savings - DSS-FSD/MHD</u> (§208.065)				
Reduction in SNAP expenditures	\$1,143,180	\$3,301,650	\$3,049,002	\$0
<u>Savings - DSS-MHD</u> (§§208.670 - 208.677)				
Reduced NEMT costs	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$66,844</u>
Total <u>All</u> Income and Savings	<u>\$4,586,342</u>	<u>\$9,987,659</u>	<u>\$9,513,495</u>	<u>\$2,784,532</u>
<u>Costs - DSS-FSD/MHD</u> (§208.065)				
Contract and case management fees for eligibility verifications	(\$1,654,033)	(\$2,266,644)	(\$2,361,843)	(\$2,461,040)
<u>Costs - DSS-MHD</u>				
MMIS system costs (§208.671)	(\$137,500)	\$0	\$0	\$0
Program distributions for asynchronous telehealth services (§208.670.4)	<u>(\$122,210)</u>	<u>(\$153,023)</u>	<u>(\$156,114)</u>	<u>(\$159,279)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$259,710)</u>	<u>(\$153,023)</u>	<u>(\$156,114)</u>	<u>(\$159,279)</u>

<u>FISCAL IMPACT - State</u>				Fully
<u>Government</u>	FY 2016	FY 2017	FY 2018	Implemented
	(10 months)			(FY 2019)
FEDERAL FUNDS (cont.)				
<u>Costs - DSS-MHD</u>				
(§§208.670 - 208.677)				
Personal service	(\$48,273)	(\$58,507)	(\$59,092)	(\$59,683)
Fringe benefits	(\$25,104)	(\$30,427)	(\$30,731)	(\$31,038)
Equipment and expense	(\$12,207)	(\$6,328)	(\$6,486)	(\$6,648)
Total <u>Costs - DSS-MHD</u>	<u>(\$85,584)</u>	<u>(\$95,262)</u>	<u>(\$96,309)</u>	<u>(\$97,369)</u>
FTE Change - DSS-MHD	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE
 <u>Loss - DSS-FSD/MHD</u>				
(§208.065)				
Reduction in program reimbursements due to verification of eligibility for Medicaid/MO HealthNet	(\$1,443,835)	(\$4,171,080)	(\$3,850,227)	\$0
 <u>Loss - DSS-FSD/MHD</u>				
(§208.065)				
Reduction in SNAP funds to the state	(\$1,143,180)	(\$3,301,650)	(\$3,049,002)	\$0
 <u>Loss - DSS-MHD</u>				
(§§208.670 - 208.677)				
Reduction in NEMT reimbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	(\$66,844)
Total <u>All</u> Costs and Losses	<u>(\$4,586,342)</u>	<u>(\$9,987,659)</u>	<u>(\$9,513,495)</u>	<u>(\$2,784,532)</u>
 ESTIMATED NET EFFECT ON FEDERAL FUNDS				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE

FISCAL IMPACT - Local
Government

FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may positively impact small business healthcare providers by allowing them to provide telehealth services to participants in their homes or schools.

FISCAL DESCRIPTION

By January 1, 2016, this proposal requires the Department of Social Services to procure a contractor for the purpose of providing verification of initial and ongoing eligibility data for the Supplemental Nutrition Assistance Program; Temporary Assistance for Needy Families; Child Care Assistance Program; and MO HealthNet Program. The contractor must conduct data matches using specified information relevant to eligibility against public records and other data sources to verify eligibility data. The contractor must evaluate the income, resources, and assets of each applicant and recipient no less than quarterly. In addition to quarterly eligibility data verification, the contractor must identify on a monthly basis any program participants who have died, moved out of state, or have been incarcerated longer than 90 days. Upon completing an eligibility data verification of an applicant or recipient, the contractor is required to notify the department of the results, except that the contractor is prohibited from verifying the eligibility data of persons residing in long-term care facilities whose income and resources were at or below the applicable financial eligibility standards at the time of their last review. The department must make an eligibility determination within 20 business days of receipt of the notification. The proposal requires the department to retain final authority over eligibility determinations and the contractor must keep a record of all eligibility data verifications communicated to the department.

The department and contractor must file a joint report on a yearly basis, within 30 days of the end of each calendar year, to the Governor, the Speaker of the House of Representatives, and the President Pro Tem of the Senate. The proposal specifies the information that must be included in the report. (§208.065)

FISCAL DESCRIPTION (continued)

The proposal changes the laws regarding the use of store-and-forward technology in the practice of telehealth services for MO HealthNet recipients. The proposal defines "asynchronous store-and-forward" as the transfer of a patient's clinically important digital samples, such as still images, videos, audio, and text files, and relevant data from an originating site through the use of a camera or similar recording device that stores digital samples that are forwarded via telecommunication to a distant site for consultation by a consulting provider without requiring the simultaneous presence of the patient and the patient's treating provider. The proposal requires the Department of Social Services, in consultation with the departments of Mental Health and Health and Senior Services, to promulgate rules governing the use of asynchronous store-and-forward technology in the practice of telehealth in MO HealthNet. The rules must address asynchronous store-and-forward usage issues as specified in the bill. Telehealth providers using asynchronous store-and-forward technology must be required to obtain patient consent before asynchronous store-and-forward services are initiated and to ensure confidentiality of medical information. Asynchronous store-and-forward technology in the practice of telehealth may be utilized to service individuals who are qualified as MO HealthNet participants under Missouri law. Reimbursement for the asynchronous store-and-forward services must be made so that the total payment for the consultation must be divided between the treating provider and the consulting provider. The total payment for both the treating provider and the consulting provider must not exceed the payment for a face-to-face consultation of the same level. The standard of care for the use of asynchronous store-and-forward technology in the practice of telehealth must be the same as the standard of care for face-to-face care.

The proposal establishes the Telehealth Services Advisory Committee to advise the Department of Social Services and propose rules regarding the coverage of telehealth services utilizing asynchronous store-and-forward technology. The committee must be comprised of the following members with non-Department of Social Services members appointed by the Governor: (1) The Director of the MO HealthNet Division within the Department of Social Services, or the director's designee; (2) The medical director of the MO HealthNet Division; (3) A representative from a Missouri institution of higher education with expertise in telemedicine; (4) A representative from the Missouri Office of Primary Care and Rural Health within the Department of Health and Senior Services; (5) Two board-certified specialists licensed to practice in Missouri; (6) A representative from a hospital located in Missouri that utilizes telehealth medicine; (7) A primary care provider from a federally qualified health center (FQHC) or rural health clinic; and (8) A primary care provider from a rural setting other than from an FQHC or rural health clinic. Members of the committee must not receive any compensation for their services but must be reimbursed for any actual and necessary expenses incurred in the performance of their duties. (§§ 208.671 and 208.673)

FISCAL DESCRIPTION (continued)

The proposal requires specified individuals who are licensed in Missouri to be considered eligible health care providers for the provision of telehealth services in the MO HealthNet Program. Eligible individuals must include: (1) Physicians, assistant physicians, and physician assistants; (2) Advanced registered nurse practitioners; (3) Dentists, oral surgeons, and dental hygienists under the supervision of a currently registered and licensed dentist; (4) Psychologists and provisional licensees; (5) Pharmacists; (6) Speech, occupational, or physical therapists; (7) Clinical social workers; (8) Podiatrists; (9) Licensed professional counselors; and (10) Health care providers practicing in a rural health clinic or federally qualified health center.

The proposal defines "originating site" as a telehealth site where the MO HealthNet participant receiving the telehealth service is located for the encounter and "clinical staff" as any health care provider licensed to practice in Missouri. The originating site must ensure immediate availability of clinical staff during a telehealth encounter if a participant requires assistance; however, no originating site must be required to maintain immediate availability of on-site clinical staff during the telemonitoring services or activities. An originating site must be one of the following locations: (1) Office of a physician or health care provider; (2) Hospital; (3) Critical access hospital; (4) Rural health clinic; (5) Federally qualified health center; (6) Licensed long-term care facility; (7) Dialysis center; (8) Missouri state habilitation center or regional office; (9) Community mental health center; (10) Missouri state mental health facility; (11) Missouri state facility; (12) Missouri residential treatment facility licensed by and under contract with the Children's Division within the Department of Social Services that has a contract with the division. Facilities must have multiple campuses and have the ability to adhere to technology requirements. Missouri licensed psychiatrists, licensed psychologists, or provisionally licensed psychologists, and advanced registered nurse practitioners who are enrolled MO HealthNet providers must be the only consulting providers at these locations; (13) Comprehensive Substance Treatment and Rehabilitation (CSTAR) Program; (14) School; (15) The MO HealthNet recipient's home; or (16) Clinical designated area in a pharmacy. If the originating site is a school, the school must obtain permission from the parent or guardian of any student receiving telehealth services prior to each provision of service. (§§ 208.675 and 208.677)

Subject to appropriations, the department must establish a statewide program that permits reimbursement under the MO HealthNet Program for home telemonitoring services. The proposal defines "home telemonitoring service" as a health care service that requires scheduled remote monitoring of data related to a patient's health and transmission of the data to a Utilization Review Accreditation Commission accredited health call center. The program must: (1) Provide that home telemonitoring services are available only to individuals who are diagnosed with conditions specified in the bill and who exhibit two or more of specified risk factors; (2) Ensure that clinical information gathered by a home health agency or hospital while providing home telemonitoring services is shared with the patient's physician; and (3) Ensure

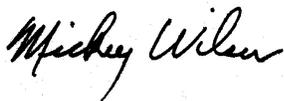
FISCAL DESCRIPTION (continued)

that the program does not duplicate any disease management program services provided by MO HealthNet. If, after implementation, the department determines that the program established under these provisions is not cost effective, the department may discontinue the program and stop providing reimbursement under the MO HealthNet Program for home telemonitoring services. The department must determine whether the provision of home telemonitoring services to individuals who are eligible to receive benefits under both the MO HealthNet and Medicare programs achieves cost savings for the Medicare Program. If, before implementing any of these provisions, the department determines that a waiver or authorization from a federal agency is necessary for implementation, it must request the waiver or authorization and may delay implementation until the waiver or authorization is granted. (§208.686)

This legislation is not federally mandated, would not duplicate any other program and but may require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Corrections
Department of Social Services -
 MO HealthNet Division
Office of the Governor
Joint Committee on Administrative Rules
Office of Administration
Missouri Senate
Office of Secretary of State
Office of State Treasurer
University of Missouri



Mickey Wilson, CPA
Director

Ross Strope
Assistant Director

L.R. No. 0273-06
Bill No. CCS for HCS for SCS for SB 35
Page 19 of 19
May 7, 2015

May 7, 2015

May 7, 2015