

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1930-01  
Bill No.: HB 985  
Subject: Social Services Department; Public Assistance  
Type: Original  
Date: March 6, 2015

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Bill Summary: This proposal requires the Department of Social Services to contract with a third party to verify eligibility data for public assistance programs.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	Up to \$1,025,136	Up to \$2,050,272	Up to \$2,050,272
<b>Total Estimated Net Effect on General Revenue</b>	<b>Up to \$1,025,136</b>	<b>Up to \$2,050,272</b>	<b>Up to \$2,050,272</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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

\* Income, savings, expenditures and losses up to \$3.5 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will 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.

**Oversight** notes in response to similar legislation from the current session (SB 151), the Department of Social Services (DSS) stated section 208.201.7 requires MO HealthNet to procure a contract no later than January 1, 2016, to verify eligibility for assistance using the name, date of birth, address, and Social Security number of each applicant and recipient against public records. MO HealthNet assumes the current TPL (Third Party Liability) and Fund Recovery contract could be amended, at a cost of 14%, which is the prevailing fee for special projects. The estimated recoveries could be up to \$6.5 million, for a net savings of \$5,590,000 [\$6,500,000 X (100% - 14% fee = 86% to state) = \$5,590,000] (\$2,050,272 GR; \$3,539,728 Federal). The FY 2016 cost/savings is for 6 months, as the contractor shall be procured no later than January 1, 2016.

Officials from the **Department of Mental Health** and the **Department of Labor and Industrial Relations** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
	(6 Mo.)		
<b>GENERAL REVENUE FUND</b>			
(\$208.065)			
<u>Savings - DSS-MHD</u>			
Recovery from eligibility verifications	Up to \$1,192,019	Up to \$2,384,037	Up to \$2,384,037
<u>Costs - DSS-MHD</u>			
Increase in contract fees for modification to do eligibility verifications	(\$166,883)	(\$333,765)	(\$333,765)
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>Up to</u> <u>\$1,025,136</u></b>	<b><u>Up to</u> <u>\$2,050,272</u></b>	<b><u>Up to</u> <u>\$2,050,272</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2016 (6 Mo.)	FY 2017	FY 2018
<b>FEDERAL FUNDS</b>			
(\$208.065)			
<u>Income - DSS-MHD</u>			
Income in program reimbursements	\$288,117	\$576,236	\$573,236
<u>Savings - DSS-MHD</u>			
Reduction in program expenditures due to verification of eligibility (§208.201)	Up to \$2,057,981	Up to \$4,115,964	Up to \$4,115,964
<u>Costs - DSS-MHD</u>			
Increase in program expenditures	(\$288,117)	(\$576,236)	(\$573,236)
<u>Loss - DSS-MHD</u>			
Reduction in program reimbursements due to verification of eligibility	<u>(Up to \$2,057,981)</u>	<u>(Up to \$4,115,964)</u>	<u>(Up to \$4,115,964)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (6 Mo.)	FY 2017	FY 2018
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal requires the Department of Social Services to contract with a third party to verify eligibility data for public assistance programs.

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

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SOURCES OF INFORMATION

Department of Mental Health  
Department of Labor and Industrial Relations  
Department of Social Services



Mickey Wilson, CPA  
Director  
March 6, 2015

Ross Strobe  
Assistant Director  
March 6, 2015