

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2991-01  
Bill No.: HB 1360  
Subject: Dept. of Social Services; Increases resource limits for public assistance eligibility.  
Type: Original  
Date: February 5, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$14,229,142)	(\$25,337,684)	(\$27,257,352)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$14,229,142)</b>	<b>(\$25,337,684)</b>	<b>(\$27,257,352)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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>

\* Revenue and expenditures exceed \$100,000 annually and net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Social Services (DOS)** assumes this proposal would increase the resource limits for those populations receiving Medicaid coverage under Chapter 208 RSMo, with the exception of Temporary Assistance, which is included in this provision. The increases in the resource ceilings would raise the resource maximums for a single individual from \$1,000 to \$3,000 and for a married couple from \$2,000 to \$5,000.

**DOS - Division of Family Services**

**Division of Family Services (DFS)** officials assume that 62% of the total population would qualify for the single resource maximum and 38% of the total population would qualify for the couple resource maximum, as reported by the Health Care Finance Administration (Medicare Current Beneficiary Survey Data Tables, 1998, Table 1)

There are 12,298 Qualified Medicare Beneficiary (QMB) cases of which 68% have resources greater than the current Medicaid maximums (\$1,000 for a single person and \$2,000 per couple) and 7,771 Specified Low-income Medicare Beneficiary (SLMB) cases of which 78% have resources greater than the current Medicaid maximums. (Data is based on average number of persons receiving monthly benefits in FY 2001. Source: Department of Social Services Research and Evaluation).

QMB	12,298 X 68% = 8,363
SLMB	7,771 X 78% = 6,061

Effective July 1, 2002, the income limits increase annually to 80%, 90% and 100% of federal poverty level (FPL) guidelines. These changes will affect the number of households eligible for full Medicaid benefits. Some QMB households will be eligible for full Medicaid instead of having a quarterly spenddown. SLMB income limits are greater than 100% of FPL, therefore the portion of this population affected by the resource changes would be spenddown only.

The global Medicare population in Missouri is 854,472. About 10% of the Medicare population is eligible for QMB benefits, but have not applied. This group would be the new population from outside of the current welfare rolls to seek Medicaid benefits. (Source: Department of Health and Senior Services, Health Care Financing Administration as of 9/30/00)

854,472	Medicare Population
529,773	Living Alone (62%)
324,699	Living with a Spouse (38%)

ASSUMPTION (continued)

COLA Adjustments

Based on an average annual CPI change of 2.8% over the last three years, DFS officials estimate the resource maximums for FY 2004 and FY 2005 will be \$3,084 and \$3,170 for singles and \$5,140 and \$5,284 for couples.

FY 2003 - New Eligibles

DFS officials estimate that 62% of the current QMB and SLMB program participants are living alone. They estimate that 67% of this population would be eligible for Medicaid based on the increased resource limits.

8,363	Active QMB cases
<u>x .62</u>	% living alone
5,185	Living alone
<u>x .67</u>	% living alone with resources between \$1,000 and \$3,000
<u>3,474</u>	# of new single eligibles from QMB population

6,061	Active SLMB cases
<u>x .62</u>	% living alone
3,758	Living alone
<u>x .67</u>	% living alone with resources between \$1,000 and \$3,000
<u>2,518</u>	# of new single eligibles from SLMB population

DFS officials estimate that 38% of the current QMB and SLMB program participants are living alone. They estimate that 75% of this population would be eligible for Medicaid based on the increased resource limits.

8,363	Active QMB cases
<u>x .38</u>	% living with spouse
3,178	Living with a spouse
<u>x .75</u>	% living with spouse with resources between \$2,000 and \$5,000
<u>2,384</u>	# eligible OMB cases based on resource maximum of \$5,000

6,061	Active SLMB cases
<u>x .38</u>	% living with spouse
3,303	Living with spouse
<u>x .75</u>	% living with spouse with resources between \$2,000 and \$5,000
<u>2,518</u>	# of new couple eligibles from SLMB population

ASSUMPTION (continued)

DFS officials estimate that 6.7% of the single Medicare population would be eligible to apply for Medicaid under the expanded resource limits. They estimate that 5% of this population will apply and be found eligible for Medicaid.

529,773	Medicare Population Living Alone
x <u>6.7%</u>	% eligible to apply
35,479	
x <u>5%</u>	% applying and found eligible
<u>1,775</u>	New single eligibles from Medicare population

About 7.5% of the Medicare population living with a spouse would be eligible to apply for Medicaid under the expanded resource limits. DFS officials assume that 5% of this population will apply and be found eligible for Medicaid.

324,699	Medicare Population Living with a Spouse
x <u>7.56%</u>	% eligible to apply
24,352	
x <u>5%</u>	% applying and found eligible
<u>1,218</u>	New couple eligibles from Medicare population

Total new eligibles for FY 2003 would be 13,096. Medicare eligibles would total 2,993

Based on higher resource limits in subsequent years, DFS officials estimate new eligibles for FY 2004 and FY 2005 as:

	<u>FY 2004</u>	<u>FY 2005</u>
QMB singles	3,630	3,733
SLMB singles	2,638	2,706
QMB couples	2,511	2,606
SLMB couples	1,819	1,889
Medicare singles	1,854	1,907
Medicare couples	<u>1,283</u>	<u>1,331</u>
Total	13,728	14,172
Medicare	3,137	3,238

DFS officials stated that the active QMB/SLMB only cases and additional spenddown cases which are currently maintained in a caseload would not require additional staff. New eligibles from the Medicare population are not maintained in current caseloads.

ASSUMPTION (continued)

Currently, an average adult Medicaid caseload is 480 cases. Therefore:

FY 2003 -  $2,993/480 = 6$  Caseworker FTE to maintain new cases

FY 2004 -  $3,137/480 = 7$  Caseworker FTE to maintain new cases

FY 2005 -  $3,238/480 = 7$  Caseworker FTE to maintain new cases

Assuming a Clerk/Typist II is needed for each 3.97 professional staff, DFS would need two Clerk/Typists II..

Costs would be 67% general revenue and 33% federal funds.

**DOS - Division of Legal Services**

The Division of Legal Services (DLS) officials state that for the proposed asset limits DFS has projected there would be 13,096 additional potential eligibles in FY 2003, 13,728 in FY 2004, and 14,172 in FY 2005. Assuming 10% of potential eligibles are denied by DFS and 10% of those denied appeal, the Hearings Unit of DLS would have 131 new hearings in FY 2003, 137 new hearings in FY 2004, and 142 new hearings in FY 2005. Assuming each appeal takes 4 hours from onset to final decision the additional attorneys needed would be:

FY 2003 -  $4 \text{ hours} \times 131 \text{ hearings} = 524 \text{ hours}/2080 \text{ hours per year} = .252 \text{ new attorneys}$

FY 2004 -  $4 \text{ hours} \times 137 \text{ hearings} = 548 \text{ hours}/2080 \text{ hours per year} = .263 \text{ new attorneys}$

FY 2005 -  $4 \text{ hours} \times 142 \text{ hearings} = 568 \text{ hours}/2080 \text{ hours per year} = .273 \text{ new attorneys}$

Assuming 10% of determinations by the Hearing Unit are appealed to circuit court, then the Litigation Unit would have 13 appeals in FY 2003 and 14 appeals in FY 2004 and 2005. Assuming 16 hours of attorney time per case:

FY 2003 -  $16 \text{ hours} \times 13 \text{ appeals} = 208 \text{ hours}/2080 \text{ hours per year} = .100 \text{ new attorneys}$

FY 2004 -  $16 \text{ hours} \times 14 \text{ appeals} = 224 \text{ hours}/2080 \text{ hours per year} = .108 \text{ new attorneys}$

FY 2005 -  $16 \text{ hours} \times 14 \text{ appeals} = 224 \text{ hours}/2080 \text{ hours per year} = .108 \text{ new attorneys}$

DLS officials estimate that the additional workload could be absorbed by existing staff.

Assuming one support staff is needed for 2 attorneys, DLS would not request additional support staff.

**DOS - Division of Medical Services**

The Division of Medical Services (DMS) officials that the proposal would result in higher costs

ASSUMPTION (continued)

because one group of Medicaid eligibles who currently receive limited benefits would receive full benefits and because new eligibles would enter the Medicaid program.

DFS officials identified the population which would receive full medical assistance. They estimated 5,858 Qualified Medicare Beneficiary (QMB) cases and 4,245 Specified Low-Income Medicare Beneficiary (SLMB) cases would receive full Medicaid benefits in FY 2003. They, taking into account increasing resource limits based on cost-of-living adjustments projected 4,450 SLMB cases and 6,141 QMB cases in FY 2004; and 4,595 SLMB cases and 6,339 QMB cases in FY 2005. DMS officials have included a 3.4% growth trend (based on historical experience); therefore:

FY 2004 -  $10,591 \times 1.034 = 10,951$

FY 2005 -  $10,934 \times 1.034 = 11,306$

Currently, Medicaid pays the Part A and Part B premiums and Medicare coinsurance and deductibles for QMB Only eligibles and the Part B premium for SLMB eligibles. DMS officials calculated additional costs of \$171 per month for this population had the proposal been in effect in FY 2002 and assumed a 4% per year increase in medical costs. (FY 2003 - \$177.84 per month, FY 2004 - \$184.95, and FY 2005 - \$192.35).

DFS officials estimated the number of cases that would become Medicaid eligible due to this proposal: 2,993 FY 2003, 3,137 in FY 2004 and 3,238 in FY 2005. DMS officials added a 3.4% caseload growth factor.

The cost per eligible for new cases had the proposal been in effect in FY 2002 is \$869.21 per month. This is a weighted average for the last three months of actual costs for OAA and PTD eligibles. The cost was inflated by 4% per year. The costs do not include NF and state institutions expenditures. The cost per eligible includes costs for mental health services (General Revenue appropriated to the Department of Mental Health).

For purposes of calculating the cost, DMS officials assumed a 10-month phase-in of eligibles.

DMS officials state that more eligibles will result in more claims process which will result in higher payments to the contractor. Costs would be \$50,000 in FY 2003 and FY 2004 and \$100,000 in FY 2005.

Federal financial participation is assumed to be 61.23% of program costs and 50% of processing costs.

ASSUMPTION (continued)

**DEPARTMENT OF HEALTH AND SENIOR SERVICES (DOH)**

DOH officials stated that the expansion in the number of Medicaid-eligible aid recipients would increase the number Medicaid-eligible in-home service recipients. They assume the new eligibles would access in-home services through the Division of Senior Service's Home and Community Services at the same rate as current in-home services users.

DOH officials project the client population will grow 3.41% per year based on growth in Old Age Assistance and Permanently and Totally Disabled populations. (Source: Department of Social Services - Division of Medical Services). The estimate cost-of-living increases of 2.8%.

DFS projects new eligibles under expanded resource limits would be 13,096 in FY 2003, 13,728 in FY 2004, and 14,172 in FY 2005.

Department of Social Services officials state that 28.95% (or 54,438) of 188,054 Medicaid eligibles are projected to be in-home service clients.

Using the 28.95% DOH officials estimate  $13,096 \times .2895 = 3,791$  additional Medicaid recipients would access home care as an alternative to being placed in facilities in FY 2003, 4,110 ( $13,728 \times .2895 \times 1.0341$ ) would do so in FY 2004, and 4,387 ( $14,172 \times .2895 \times 1.0341 \times 1.0341$ ) would do so in FY 2005. DOH would provide case management for these eligibles.

Assuming 80 cases per Social Service Worker (SSW), DOH would request 47 SSWs in FY 2003, 4 additional in FY 2004, and another 4 additional in FY 2005.

Assuming one supervisor per 9 SSWs, DOH officials would request 5 Service Area Supervisors. They would request 5 Office Support Assistants to provide clerical support for the Area Supervisors and the SSWs. In FY 2003 and FY 2004. They would request one more Supervisor and one more Office Support Assistant in FY 2005.

The 47 Social Service Workers II would be placed in the following locations:

1 Greene, 1 Dallas, 1 Christian, 1 Wright, 1 Texas, 1 Jasper, 1 McDonald, 1 Cape Girardeau, 1 Scott, 1 Iron, 1 Pemiscott, 1 Butler, 1 Dunklin, 1 Stoddard, 1 Cass, 2 Jackson, 1 Pettis, 1 Lafayette, 1 Johnson, 1 Buchanan, 1 Caldwell, 1 Livingston, 1 Sullivan, 1 Dekalb, 1 Worth, 1 Monroe, 1 Adair, 1 Knox, 1 Scotland, 1 Lincoln, 1 Warren, 2 Boone, 1 Camden, 1 Callaway, 1 Gasconade, 1 Crawford, 1 Phelps, 1 Washington, 4 St. Louis (2 Wainwright Building, 2 Prince Hall), 1 Franklin, 1 Jefferson

The Supervisors and Office Support Assistants would be placed:

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ASSUMPTION (continued)

1 Texas, 1 Pemiscott, 1 Cass, 1 Monroe, 1 Phelps

The 4 SSWs added in FY 2004:

1 Stone, 1 Platte, 1 Linn, 1 St. Louis (Brooks Drive)

The 4 SSWs added in FY 2005:

1 St. Francois, 1 Saline, 1 Montgomery, 1 St. Louis (Prince Hall)

The Supervisor and Office Support Assistant:

1 St.. Louis (Brooks Drive)

Costs would be 65% General Revenue and 35% Federal.

**Oversight** notes that the passage of Senate Bill 387 (1999) required the Director of the Department of Social Services to develop caseload standards based on the actual duties of employees in each program area of the department, after considering recommendations of the caseload standards advisory committee, established pursuant to section 660.021, RSMo, and consistent with existing professional caseload standards. Oversight requested a copy of the caseload study conducted by DOS and reviewed the findings and recommendations. The DOS officials stated that the caseloads standards for Division of Family Services was lowered from 480 cases to 300 cases per caseworker and the caseload standards for Division of Aging (now in the Department of Health and Senior Services) was lowered from 125 cases to 80 cases per caseworker. The caseload standard of 300 cases per caseworker for the Division of Family Services represents the lower end of the recommendations; the caseload standard of 80 cases per caseworker for the Division of Aging represents the high end of the recommendation.

However, Oversight assumes the DOH would implement the provisions of the proposed legislation based on the current caseloads (125 per caseworker). This would require 30 Social Service Workers II, 3 Supervisors and 3 Office Support Assistants in FY 2003; 3 additional Social Service Workers, 1 additional Supervisor and 1 Office Support Assistant in FY 2004; and, 2 more Social Service Workers II in FY 2005.

Oversight has also assumed that personnel would be located in existing offices and has, therefore, excluded costs for rent.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Social Services -</u>			
<u>Division of Family Services</u>			
Personal services (5.36, 6.03 FTE)	(\$123,099)	(\$165,883)	(\$170,030)
Fringe benefits	(\$44,328)	(\$59,734)	(\$62,228)
Expense and equipment	(\$55,449)	(\$18,367)	(\$12,021)
Total <u>Costs</u> - Division of Family Services	(\$222,876)	(\$243,984)	(\$244,279)
<u>Costs - Department of Social Services -</u>			
<u>Division of Medical Services</u>			
Medical Assistance Payments	(\$12,780,454)	(\$23,661,865)	(\$25,397,280)
<u>Costs - Department of Health and Senior</u>			
<u>Services -</u>			
Personal services (23.4,27.3,28.6 FTE)	(\$647,473)	(\$853,803)	(\$958,966)
Fringe benefits	(\$233,155)	(\$307,455)	(\$345,324)
Expense and equipment	(\$345,184)	(\$270,577)	(\$311,503)
Total <u>Costs</u> - Department of Health and Senior Services	(\$1,225,812)	(\$1,431,835)	(\$1,615,793)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$14,229,142)</u></b>	<b><u>(\$25,337,684)</u></b>	<b><u>(\$27,257,352)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>FEDERAL FUNDS</b>			
<u>Income - Department of Social Services -</u>			
Medicaid reimbursements	\$20,265,157	\$37,460,318	\$40,201,136
<u>Income - Department of Health and Senior Services</u>			
Medicaid reimbursements	\$660,176	\$771,094	\$836,835
<u>Costs - Department of Social Services -</u>			
<u>Division of Family Services</u>			
Personal services (2.64, 2.97 FTE)	(\$60,631)	(\$81,703)	(\$83,746)
Fringe benefits	(\$21,833)	(\$29,421)	(\$30,157)
Expense and equipment	(\$27,310)	(\$8,647)	(\$5,921)
Total <u>Costs</u> - Division of Family Services	(\$109,774)	(\$119,771)	(\$119,824)
<u>Costs - Department of Social Services -</u>			
<u>Division of Medical Services</u>			

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
Medical assistance payments	(\$20,155,383)	(\$37,340,547)	(\$40,081,312)

Costs - Department of Health and Senior Services

Personal Services (12.6,14.7, 15.4 FTE)	(\$348,639)	(\$459,740)	(\$516,366)
Fringe benefits	(\$125,545)	(\$165,552)	(\$185,943)
Expense and equipment	<u>(\$185,992)</u>	<u>(\$145,802)</u>	<u>(\$161,526)</u>
Total <u>Costs</u> - Department of Health and Senior Services	(\$660,176)	(\$771,094)	(\$863,835)

**ESTIMATED NET EFFECT ON**

**FEDERAL FUNDS\*** \$0 \$0 \$0

**\* Revenues and expenditures are expected to exceed \$100,000 annually and net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2003</u> <u>(10 Mo.)</u>	<u>FY 2004</u>	<u>FY 2005</u>
	<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.

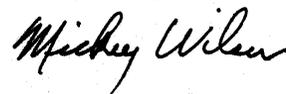
DESCRIPTION

This proposal would increase the resource limits for public assistance eligibility from \$1,000 to \$3,000 for individuals and from \$2,000 to \$5,000 for married couples. It would provide for annual changes in resource limits. Those changes would be tied to the cost of living.

This proposal is not federally mandated, would not duplicate and existing program and would not require capital improvements or rental space. It would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Health and Senior Services  
 Department of Social Services



Mickey Wilson, CPA

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