

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4050-01  
Bill No.: HB 1078  
Subject: Medicaid; Dentists; Social Services Dept.  
Type: Original  
Date: January 24, 2012

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Bill Summary: Authorizes the MO HealthNet Division to implement a statewide dental delivery system to ensure recipient participation and access to providers of dental services under MO HealthNet.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED   | FY 2013                     | FY 2014                     | FY 2015                     |
| General Revenue   | \$0 to (\$4,484,111)        | \$0 to (\$5,569,265)        | \$0 to (\$5,764,190)        |
|   |                             |                             |                             |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0 to (\$4,484,111)</b> | <b>\$0 to (\$5,569,265)</b> | <b>\$0 to (\$5,764,190)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2013    | FY 2014    | FY 2015    |
|   |            |            |            |
|   |            |            |            |
| <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 2013</b> | <b>FY 2014</b> | <b>FY 2015</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 and costs net to \$0.

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Health and Senior Services** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Mental Health (DMH)** state while this legislation allows MO HealthNet to implement a statewide dental delivery system, it does not provide coverage to additional Medicaid recipients. If implemented, DMH clients may have more access to dental providers that accept Medicaid. Many of DMH's facilities have a dentist on staff which provides dental care to DMH clients. The DMH does purchase minimal dental services for clients. If these services are received and covered in the proposed legislation, there could be minimal savings for the DMH.

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state under the Administrative Services Only (ASO) model, a single entity would enter into an agreement with the MHD to administer the program. The contractor would be responsible and reimbursed for setting up a network of dental providers, fielding provider and client complaints, providing quality assurance, and handling other administrative work. This arrangement would be a new cost to the MHD. Projected Per Member Per Month (PMPM) cost is \$.54/month.

The count of Medicaid eligible - adults and children is 894,666 based on last 3 month average (Sept 2011-Nov 2011).

The MHD assumes current Medicaid eligibles would receive dental services at current coverage-children, pregnant women, blind persons and nursing facility residents will have full coverage and all others have a limited dental package of prescribed medically necessary services.

The annual cost is \$5,797,436 (894,666 x \$0.54 x 12 months). Since all eligibles would receive services under this model, the current dental administration for managed care eligibles (\$452,310) has been subtracted to arrive at the additional cost \$5,345,126 (\$5,797,436 - \$452,310).

A 15% increase in utilization is expected. The FY 12 estimated dental payments were multiplied by 15% to arrive at the projected increase of \$8,584,289.

Projected annual cost:  $\$5,345,126 + \$8,584,289 = \$13,929,415$ .

A 3.5% trend was added to FY 13 and FY 14.

HWC:LR:OD

ASSUMPTION (continued)

FY 13 (10 months): \$11,607,846 (\$4,484,111 GR); FY14: \$14,416,944 (\$5,569,265 GR) and FY 15: \$14,921,537 (\$5,764,190 GR).

The cost is shown as a range from zero to the maximum cost because the language in the legislation is permissive.

Also, the total fiscal impact assumes that all Medicaid recipients--both those with a full benefit package and those with a limited dental package--would be enrolled in the ASO model. There are 611,026 individuals with a full dental benefit package. If only those with the full package were enrolled in the ASO, the annual cost would be reduced to \$11,080,674\*.

\*This cost includes the \$.54 PMPM ASO cost and the 15% increased utilization for this group only, along with a reduction for current managed care administration for dental services.

| <u>FISCAL IMPACT - State Government</u>                 | FY 2013<br>(10 Mo.)                                 | FY 2014   | FY 2015   |
|---|---|---|---|
| <b>GENERAL REVENUE FUND</b>                             |   |   |   |
| <u>Costs - Department of Social Services</u>            |   |   |   |
| Medicaid program costs (§208.240)                       | \$0 to<br><u>(\$4,484,111)</u>                      | \$0 to<br><u>(\$5,569,265)</u>                      | \$0 to<br><u>(\$5,764,190)</u>                      |
| <b>ESTIMATED NET EFFECT ON<br/>GENERAL REVENUE FUND</b> | <b><u>\$0 to</u></b><br><b><u>(\$4,484,111)</u></b> | <b><u>\$0 to</u></b><br><b><u>(\$5,569,265)</u></b> | <b><u>\$0 to</u></b><br><b><u>(\$5,764,190)</u></b> |
| <b>FEDERAL FUNDS</b>                                    |   |   |   |
| <u>Income - Department of Social Services</u>           |   |   |   |
| Federal Assistance (§208.240)                           | \$0 to<br>\$7,123,735                               | \$0 to<br>\$8,847,679                               | \$0 to<br>\$9,157,347                               |
| <u>Costs - Department of Social Services</u>            |   |   |   |
| Medicaid program costs (§208.240)                       | \$0 to<br><u>(\$7,123,735)</u>                      | \$0 to<br><u>(\$8,847,679)</u>                      | \$0 to<br><u>(\$9,157,347)</u>                      |
| <b>ESTIMATED NET EFFECT ON<br/>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 2013<br>(10 Mo.) | FY 2014    | FY 2015    |
|---|---------------------|------------|------------|
|   | <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.

FISCAL DESCRIPTION

*Section 208.240*

This proposal authorizes the MO HealthNet Division within the Department of Social Services, or a contractor of the division, to implement a statewide dental delivery system to ensure recipient participation and access to providers of dental services under MO HealthNet.

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 Mental Health  
Department of Health and Senior Services  
Department of Social Services



Mickey Wilson, CPA  
Director  
January 24, 2012