

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1683-05  
Bill No.: #SCS for HCS for HB 717  
Subject: Medicaid; Social Services Department; Health Care; Children and Minors  
Type: Corrected  
Date: May 17, 2013  
#Corrected bill number

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Bill Summary: This proposal modifies provisions relating to children and families.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(More than \$4,157,988) to Unknown	(More than \$5,002,728) to Unknown	(More than \$5,109,298) to Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$4,157,988) to Unknown</b>	<b>(More than \$5,002,728) to Unknown</b>	<b>(More than \$5,109,298) to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<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 14 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</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 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Due to time constraints, Oversight is presenting agency responses from the previous version of this proposal unless otherwise noted.**

#### § 208.662 - Show-Me Healthy Babies Program:

Officials from the **DSS - Family Support Division (FSD)** provide the following assumptions:

Federal rules found in 42 CFR 457 allow states the option to consider an unborn child to be a 'targeted low-income child'. This allows an unborn child to be eligible for health benefits coverage under the Children's Health Insurance Program (CHIP) if other applicable eligibility requirements are met.

The definition of 'targeted low-income child' is found at federal rule 42 CFR 457.310. This definition limits the family income to no more than 200% of the federal poverty level (FPL). However, in Missouri, the income limit is currently set at 150% FPL for targeted low-income children. Therefore, the income limit for unborn children would be limited to 150% FPL in order to receive Federal Financial Participation (FFP, or federal matching) funds unless a waiver is requested from the federal government to expand coverage for unborn children above 150% FPL. If a waiver is not granted, unborn children coverage above 150% FPL would not be eligible for FFP and would have to be paid 100% from General Revenue (GR) funds.

The MO HealthNet for Pregnant Women (MPW) program currently covers pregnant women with family income up to 185% FPL and covers all medical services, not just prenatal care and pregnancy-related services. Therefore, FSD anticipates only unborn children whose family income is greater than 185% FPL, but less than 300% FPL would be eligible for the Show-Me Healthy Babies Program. Based on the average number of MPW cases rejected due to income above 185% FPL, but with income below 300% FPL, the FSD estimates at least 2,376 unborn children would be eligible for this program each year.

The Family Support Division (FSD) assumes that 2,376 unborn children will be enrolled. This is the number of Medicaid for Pregnant Women (MPW) who were denied coverage for income between 185% and 300% of FPL. MHD assumes that the cost of coverage would be similar to the current coverage for the MPW population, which could include other medical issues for the mother that could affect the unborn baby (for example, diabetes or an infection). The cost per member per month (PMPM) for the MPW population is \$563.37. Total cost for a year would be

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ASSUMPTION (continued)

\$16,062,819 (2,376 x \$563.37 x 12). There may be some additional unknown costs for programming, so that this new category of aid can be identified.

Due to the change in organization structure and the requested new eligibility system, FSD assumes existing staff will be able to maintain the increased caseload size and take applications. However, if the funding is not available for the new eligibility system, FSD would need up to ten (10) additional staff to manage the new cases. The FSD anticipates the cost for staff would exceed \$250,000; FY 14 is based on 10 months. A 50/50 federal/state match is assumed.

The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes.

The FSD assumes OA-ITSD will include the FAMIS programming costs needed to implement the provisions of this proposal in their fiscal note response.

Officials from the **OA - Information Technology Services Division (ITSD) - DSS** provide the following assumptions:

Activities	Hours
An auto batch program to create these applications	160
Data Gathering	160
Technical Eligibility Determination	250
Income Eligibility Determination	250
Assistance Grouping changes	200
Possible New Screen(s)	200
Possible changes on the Pregnancy Detail Screen	160
Presumptive Eligibility Procedure (Should be built into the Technical or Income Determination)	160
Coverage up to one year after birth/ Ex-Parte etc (Is this in addition to the existing newborn benefits that the system provides now?)	160
Possible changes on the Managed Care Batch Program	160
Forms/Notices	160
Extracts/Reports	160
Annual Report (Analysis of Cost Savings/Benefits)	80
<b>Total</b>	<b>2260 hrs</b>

ASSUMPTION (continued)

Assumptions:

- The estimates for FAMIS are given as if the changes would be made in the current FAMIS system;
- If the changes for this proposal are implemented on top of the Modified Adjusted Gross Income (MAGI) implementation, then costs become unknown as the MAGI technology and application are unknown at this time; and
- This effort would require contract staff whose current rate averages \$90.00/hr.

FAMIS Total: 2260 hours X \$90.00/hr = \$ 203,400.

Analysis/Design/Create/Modify Specs	100 hours
Coding	160 hours
Testing	<u>40 hours</u>
Total	300 hours X \$63.04/hr = \$ 18,912

Or, if implemented on top of MAGI, the cost becomes - Unknown, greater than \$18,912.

For fiscal note purposes, ITSD is not assuming changes for this proposal will be implemented on top of the MAGI implementation. Therefore, the total impact for fiscal note is assumed to be:

FAMIS	\$ 203,400
MHD	<u>18,912</u>
Total	<u>\$ 222,312</u>

Match rate is 50% General Revenue and 50% Federal.

Officials from the **OA - Division of Budget and Planning** assume the proposal would not have a fiscal impact.

§210.278 - Neighborhood Youth Development Programs

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

§§210.482 and 210.487 - Emergency Placement of a Child in a Private Home:

Due to time constraints, **Oversight** assumes based on its review of §§210.482 and 210.487, the proposal will have no significant impact on any state agency. If a significant impact is later incurred, Oversight assumes any agency needing additional funding for the provisions of this

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ASSUMPTION (continued)

amendment will seek additional funding through the appropriations process.

§§210.950 and 211.447 - Safe Place for Newborns Act:

In response to similar legislation filed this year, HB 668, the following responded:

Officials from the **Department of Social Services - Children's Division (CD)** state Section 210.950.3 expands the time a parent can voluntarily relinquish an infant at a designated "safe place" without criminal reprisal by increasing the age of the child from five days old to forty-five days old. As a result, there is a possibility of an increased number of infants entering the CD's custody under these circumstances. However, the number of children who would not otherwise come into care through other means, such as child abuse or neglect report, is not expected to be significant.

This legislation would require minor revisions to the Child Welfare Policy and revisions to the "Safe Place for Newborns" brochure. However, this cost would be minimal and could be absorbed by the Division.

The remainder of the proposal's provisions have no fiscal impact on the CD. Officials from the **Office of State Courts Administrator** and **Barton County Memorial Hospital** each assume the proposal would not fiscally impact their respective agencies.

No other hospitals responded to **Oversight's** request for a statement of fiscal impact.

§211.036 - Youth Re-enter Foster Care:

In response to similar legislation filed this year, SB 208, the following responded:

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** state in section 211.036, current statute provides that if a child is under the age of 18 and released from the custody of the CD and it appears that it would be in the best interest of the child, the Juvenile Office, the CD or the Child may petition the court to return custody of the child to the CD. This proposal changes "under age 18" to "under the age of 21".

It is unknown how many children from age 18 up to age 21 would reenter foster care based solely on what is in the best interest of the child and as a result of a petition filed by the Juvenile office, the Children's Division or the child. In Fiscal Year 2012, the cost for foster care per child is \$19,380. If five children came into care in a year, the cost would be \$96,900.

ASSUMPTION (continued)

The CD does not anticipate a large number of children re-entering foster care between the ages of 18 up to 21 as a result of this legislation; therefore, the fiscal impact is unknown, but less than \$100,000 annually.

Officials from the **Office of State Courts Administrator** assume the proposal would not fiscally impact their agency.

§453.072 - Fictive Kin:

In response to similar legislation filed this year, HB 968, the following responded:

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** state currently section 453.072 provides adoption subsidy funds available to adoptive parents in section 453.073 and section 453.074 to qualified relatives who are granted legal guardianship and defines "relative" as any grandparent, aunt, uncle, adult sibling of the child or adult first cousin of the child.

This proposal adds great grandparent, great aunt, great uncle and changes adult first cousin to any adult cousin. This proposal also adds "fictive kin" which is defined for purposes of this section as "any individual, whether related or unrelated by birth or marriage, who is shown to have close personal or emotional ties with the child or the child's family prior to the child's placement with the individual."

In Calendar Year (CY) 2010, there were 456 (3.09% of the children in CD's custody) new legal guardianship entries. In CY 11 there were 521 (3.31% of the children CD's custody) and in CY 12 there were 612 (3.71% of the children in CD's custody).

The Children's Division projects that there will be 16,838 children in custody in FY14 and beyond. The CD also projects that the percentage of children who move to guardianship as a result of this legislation will increase by 25% to 4.64% ( $3.71\% \times 1.25 = 4.64\%$ , rounded up) resulting in a total of 782 ( $16,838 \text{ children in CD custody} \times 4.64\% = 782$ , rounded up) guardianships annually. This is an increase of 170 per year.

The annual amount paid by the CD for children in guardianship placements is \$3,243.50. The total annual placement cost for the additional 170 children would be \$551,395 ( $\$3,243.50 \times 170 = \$551,395$ ); \$532,715 in General Revenue (GR) funds and \$18,680 in Federal Funds (FF).

Because a child must first be in the custody of the CD prior to moving to guardianship placement, the CD also projects that there will be a reduction in foster care costs as a result of

ASSUMPTION (continued)

children moving to guardianship. The annual placement cost for a child in foster care is \$4,395. The total annual placement costs for the 170 children (if they had remained in foster care) would have been \$747,150; \$484,469 in GR and \$262,681 in FF).

Overall, there would be a cost savings in the first year of \$163,129; however, because of the loss of federal funds (no federal dollars can be claimed for non relative guardians and fewer guardianship children are IV-E eligible) under the guardianship program, the net result is an increased need for GR of \$40,205 with a reduction in federal funding of \$203,334.

For FY15 and FY16 the cost savings annually is \$195,755; an increase to GR of \$48,246 with a loss of FF of \$244,001.

Officials from the **Office of State Courts Administrator** assume the proposal would not fiscally impact their agency.

§453.350 - Children over 15 Years of Age in Foster Care to Visit College/University:

Officials from the **Department of Social Services (DSS) - Children's Division (CD)** state as of December 31, 2012, the CD had 2,776 children in foster care age fifteen and older. State colleges, community colleges, or technical colleges are spread throughout the state of Missouri and can be found within approximately 50 - 75 miles of even the most rural areas of Missouri and, in most areas, much closer. The CD assumes that most of the foster children live within 25 miles of a state college, community college or technical college. Using 50 miles as the average round trip miles and utilizing the Missouri's State Fleet Management Trip Optimizer, state car mileage expenses are \$0.37 per mile.

Assuming the CD makes a single trip for each and every foster child over the age of fifteen to a state college, community or technical college, the presumed costs would be:

$$2,776 \text{ foster children} \times 50 \text{ miles} \times \$0.37 \text{ cents per mile} = \$51,356$$

The CD currently covers the cost for some of these types of visits through existing funding or through school sponsored events, etc. The costs associated with any additional visits required under this legislation that are not currently occurring would be absorbed by the Division. Therefore, the fiscal impact is zero.

The CD does not believe that additional appropriations would be required to comply with 453.350.3 as these types of visits are already occurring for many of these youth. Provided that case management agencies are not already this for all children, and this is documented as a new

ASSUMPTION (continued)

cost, the CD would plan to meet this requirement within existing appropriations.

Officials from the **DSS - Division of Youth Services (DYS)** state during the past several years, the DYS has increased the amount of focus and support on secondary education completion and post secondary pursuit for the youth in its custody. With this effort, many of the eligible youth have had the opportunity to visit a college or vocational training center either individually with their service coordinator or as part of a field trip. Therefore, it is the DYS' estimation while costs were submitted in 2011 at \$12,780, the DYS is confident that the provisions of this proposal can be implemented with any additional costs absorbed within current funding levels.

**Oversight** notes this version of the proposal adds subsection .3, which provides that agencies providing case management services for foster care children can request reimbursement for costs associated with meeting the requirements of this section. Oversight assumes the CD and the DYS may seek additional appropriations if the additionally requested reimbursements cause a significant increase above current expenditures.

Officials from **Northwest Missouri State University** state, assuming the receiving college or university isn't expected to defray the cost of the foster care student's travel to/from campus, no fiscal impact to the university is expected.

Officials from **Metropolitan Community College** state this proposal could have a positive, although unknown, fiscal impact on their organization. The impact is not likely to be significant.

Officials from **Lincoln University, Linn State Technical College, Missouri State University, Missouri Western State University, the University of Central Missouri** and the **University of Missouri** each assume the proposal would not fiscally impact their respective agencies.

In response to similar legislation from the current session (SB 205), officials from the **Missouri Southern State University** assumed the proposal would not fiscally impact their agency.

No additional universities or colleges responded to **Oversight's** request for a statement of fiscal impact.

Section 1 - Classroom Instruction

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the impact on local school districts is unknown.

**Oversight** assumes this part of the proposal is permissive would not have an impact unless a

ASSUMPTION (continued)

school district chooses to implement this program. Oversight further assumes school districts could assume the additional instruction within their current budgets.

Bill as a Whole:

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.

Officials from the **Office of Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Department of Agriculture, Office of Administration (OA) - Administrative Hearing Commission, the Department of Elementary and Secondary Education, the Department of Higher Education, the Department of Mental Health, the Department of Health and Senior Services, the Department of Public Safety - Missouri State Highway Patrol** and the **City of Kansas City** each assume there is no fiscal impact to their organization from this proposal.

Officials from the **OA - Information Technology Services Division (ITSD)** defers to the Department of Social Services for ITSD's costs relating to this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE FUND</b>			
<u>Savings - DSS-CD</u>			
Reduction in foster care expenditures (\$453.072)	\$403,724	\$484,469	\$484,469
<u>Costs - OA</u>			
Show-Me Healthy Babies (§208.662)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Costs - OA-ITSD-DSS</u>			
System programming changes (\$208.662)	(\$111,156)	\$0	\$0
<u>Costs - DSS-FSD</u>			
Program expenditures (§208.662)	(\$0 or Unknown, greater than \$104,166)	(\$0 or Unknown, greater than \$125,000)	(\$0 or Unknown, greater than \$125,000)
<u>Costs - DSS-MHD</u>			
Program expansion, reporting and development expenditures (§208.662)	(Unknown, greater than \$3,902,461)	(Unknown, greater than \$4,829,482)	(Unknown, greater than \$5,017,052)
<u>Costs - DSS-CD</u>			
Increase in state-only funded guardianship expenditures (§453.072)	<u>(\$443,929)</u>	<u>(\$532,715)</u>	<u>(\$532,715)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(More than \$4,157,988) to Unknown</u></b>	<b><u>(More than \$5,002,728) to Unknown</u></b>	<b><u>(More than \$5,190,298) to Unknown</u></b>

FISCAL IMPACT - State Government	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>FEDERAL FUNDS</b>			
<u>Savings - DSS-CD</u>			
Reduction in foster care expenditures (\$453.072)	\$203,334	\$244,001	\$244,001
<u>Income - OA-ITSD-DSS</u>			
System programming reimbursements (\$208.662)	\$111,156	\$0	\$0
<u>Income - DSS-FSD</u>			
Program expenditure reimbursements (\$208.662)	\$0 or Unknown, greater than \$104,166	\$0 or Unknown, greater than \$125,000	\$0 or Unknown, greater than \$125,000
<u>Income - DSS-MHD</u>			
Program expenditure reimbursements (\$208.662)	Unknown, greater than \$10,637,664	Unknown, greater than \$13,226,934	Unknown, greater than \$13,742,004
<u>Costs - OA-ITSD-DSS</u>			
System programming expenditures (\$208.662)	(\$111,156)	\$0	\$0
<u>Costs - DSS-FSD</u>			
Program expenditure reimbursements (\$208.662)	\$0 or (Unknown, greater than \$104,166)	\$0 or (Unknown, greater than \$125,000)	\$0 or (Unknown, greater than \$125,000)
<u>Costs - DSS-MHD</u>			
Program expenditures (\$208.662)	(Unknown, greater than \$10,637,664)	(Unknown, greater than \$13,226,934)	(Unknown, greater than \$13,742,004)

FISCAL IMPACT - State Government	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>FEDERAL FUNDS (Continued)</b>			
<u>Loss - DSS-CD</u>			
Reduction in federal matching funds for reduced foster care expenditures (\$453.072)	<u>(\$203,334)</u>	<u>(\$244,001)</u>	<u>(\$244,001)</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 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

§208.662 - May impact, positively or negatively, the reimbursement amounts received by small business health care providers.

FISCAL DESCRIPTION

This proposal changes the laws regarding children and families.

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 Agriculture
- Office of Attorney General
- Office of State Courts Administrator
- Office of Administration
- Department of Elementary and Secondary Education
- Department of Higher Education
- Department of Mental Health

SOURCES OF INFORMATION (continued)

Department of Health and Senior Services  
Department of Social Services  
Department of Public Safety  
Joint Committee on Administrative Rules  
Office of Secretary of State  
City of Kansas City  
Barton County Memorial Hospital  
Lincoln University  
Linn State Technical College  
Missouri Southern State University  
Missouri State University  
Missouri Western State University  
Northwest Missouri State University  
University of Central Missouri  
Metropolitan Community College  
University of Missouri



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