

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5381-09  
Bill No.: SCS for SB 739  
Subject: Medicaid; Health Care; Social Services Department; Health Department; Mental Health Department  
Type: Original  
Date: March 24, 2014

Bill Summary: This proposal modifies provisions relating to the MO HealthNet program.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>                    |   |   |   |
|--|---|---|---|
| FUND AFFECTED  | FY 2015                                 | FY 2016                                 | FY 2017                                 |
| General Revenue*   | (Could exceed<br>\$45,261,311)*         | (Could exceed<br>\$61,637,205)*         | (Could exceed<br>\$63,879,839)*         |
|  |   |   |   |
| <b>Total Estimated<br/>Net Effect on<br/>General Revenue<br/>Fund*</b> | <b>(Could exceed<br/>\$45,261,311)*</b> | <b>(Could exceed<br/>\$61,637,205)*</b> | <b>(Could exceed<br/>\$63,879,839)*</b> |

\* Indeterminate impact on DHSS programs not included in effect on the General Revenue Fund.

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                      |                       |   |   |
|---|-----------------------|---|---|
| FUND AFFECTED   | FY 2015               | FY 2016                                     | FY 2017                                     |
| Joint Contingency*  | \$0                   | \$0   | \$0   |
| Various Other State Funds   | (\$13,990,220)        | (\$14,503,998) to<br>(\$14,547,528)         | (\$15,113,165) to<br>(\$15,159,565)         |
| <b>Total Estimated<br/>Net Effect on <u>Other</u><br/>State Funds</b> | <b>(\$13,990,220)</b> | <b>(\$14,503,998) to<br/>(\$14,547,528)</b> | <b>(\$15,113,165) to<br/>(\$15,159,565)</b> |

\* Transfers-in and expenses net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 44 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2015</b> | <b>FY 2016</b> | <b>FY 2017</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, expenditures, savings and losses could exceed \$181 million annually and net to \$0. Indeterminate impact on DHSS programs net to \$0.

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2015</b> | <b>FY 2016</b> | <b>FY 2017</b> |
| General Revenue   | 5.5            | 5.5            | 5.5            |
| Federal   | 5.5            | 5.5            | 5.5            |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>11</b>      | <b>11</b>      | <b>11</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 2015</b> | <b>FY 2016</b> | <b>FY 2017</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.010 - Asset limits

Officials from the **Department of Social Services (DSS) - MO HealthNet Division (MHD)** state the MHD expects a fiscal impact because of changes to the resource limits. Higher costs will result from one group of Medicaid eligibles who currently receive limited medical benefits but will receive full Medicaid benefits under this legislation. New eligibles are also expected to enter the Medicaid program because of the change in eligibility rules.

The populations that are being proposed for full medical assistance are Qualified Medicare Beneficiary (QMB) and Specified Low-Income Medicare Beneficiary (SLMB).

There are a total of 8,174 new cases composed of 6,274 new cases (1,005 rejections + 133 closings + 5,136 unknown population) plus 775 QMBs and 1,125 SLMBs that will receive benefits as a result of increasing the asset limits.

The total costs for the new cases are:

|                    |   |
|--------------------|---|
| FY 15 (10 months): | \$125,385,999 (Federal \$79,112,296; GR \$30,540,644; Other \$15,733,059);  |
| FY 16:             | \$156,782,654 (Federal \$98,922,016; GR \$38,188,021; Other \$19,672,617);  |
| FY 17:             | \$163,367,525 (Federal \$103,076,740; GR \$39,791,918; Other \$20,498,867). |

Officials from the **DSS - Family Support Division (FSD)** state the FSD has determined there would be a total of 8,174 new cases for MO HealthNet for the Aged, Blind, and Disabled (MHABD) program(s) if the resource limits are increased as proposed. The FSD arrived at 8,174 new cases in this manner:

In FY 13, the FSD rejected 7,433 MO HealthNet (MHN) applications due to resources. Of these rejected applications, 5,622 were rejected for all FSD MO HealthNet programs. The remaining 1,811 (7,433-5,622) cases were eligible for Qualified Medicare Beneficiary (QMB)/Specified Low-income Medicare Beneficiary (SLMB) benefits, which have higher resource limits, and are included in the QMB/SLMB population below. The FSD estimates that 1,005 of the 5,622 applications rejected for all FSD MO HealthNet programs would be eligible if the resource limit was increased.

ASSUMPTION (continued)

In FY 13, the FSD closed 1,137 MO HealthNet for the Aged, Blind, and Disabled cases due to resources. Of these closed cases, 267 were not eligible for other MHN programs. The remaining 870 cases (1,137-267) were eligible QMB/SLMB and are included in the QMB/SLMB population below. The FSD estimates that 133 of the 267 cases closed and not eligible for other MHN programs would be eligible if the resource limit was increased.

The FSD would also see an increase in MHN eligibles from the QMB/SLMB population. In SFY13 there was an average of 4,025 QMB persons. Of these, 3,826 live alone and 199 live with a spouse. Of those living alone, 713 would be eligible if the resource limit was increased. Of those living with a spouse, 62 would be eligible.

Total new MHN cases from QMB:  $713 + 62 = 775$

In FY 13 there was an average of 10,798 SLMB persons. Of these, 9,059 live alone and 1,739 live with a spouse. Of those living alone, 915 would be eligible if the resource limit was increased. Of those living with a spouse, 210 would be eligible.

Total new MHN cases from SLMB:  $915 + 210 = 1,125$

The FSD anticipates an increase in applications as the result of the increased resource limits. These applications would come from a previously unknown population who currently chooses not to apply due to the current resource limits. According to U.S. Census Bureau data, 51,364 uninsured Missouri individuals, age 19 or above, have a disability. If 10% of these individuals were to apply and be found eligible for MHN benefits, the FSD would see an increase of 5,136 ( $51,364 \times 10\%$ ) new MHN cases as the result of the increased resource limits.

Total new cases:

1,005 (rejections)  
133 (closings)  
775 (QMB)  
1,125 (SLMB)  
5,136 (unknown population)  
8,174 new MHN cases

HWC:LR:OD

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS) - Division of Senior and Disability Services (DSDS)** state in section 208.010.2(4) the resource limit increases would result in an additional 8,174 cases where Aged, Blind, and Disabled (ABD) individuals would be eligible effective in FY15. Since the implementation of Section 208.997 could be as late as July 1, 2018, DSDS has determined the following fiscal impact for FY15 to FY17.

New Eligibles

DSDS has utilized an estimate of 8,174 additional cases for ABD programs. This estimated was provided by the Department of Social Services (DSS), Family Support Division (FSD) to determine the number of additional individuals who would utilize MO HealthNet Home and Community Based Services (HCBS).

The utilization rate for MO HealthNet HCBS by the ABD population is 20.26 percent. Using this rate and a growth factor of 2.78 percent annually in HCBS participants, DSDS estimates that 1,656 additional individuals would utilize HCBS in FY15 (8,174 newly eligible X 0.2026 = 1,656 new HCBS cases); 46 additional individuals for a total of 1,702 in FY16 (1,656 X 0.0278 = 46 + 1656 = 1,702); and 47 additional individuals for a total of 1,749 in FY17 (1,702 X .02478 = 47 + 1,702 = 1,749).

MO HealthNet Home and Community Based Services (HCBS) Assessments and Reassessments  
Prior to receiving HCBS, an eligible MO HealthNet participant must be assessed and authorized for services by a DSDS Adult Protective and Community Worker (APCW II) to determine HCBS eligibility, the Level of Care (LOC) required, and identify any unmet needs. Participants are then reassessed annually by APCW IIs to ensure services are still of the appropriate amount and type and care plans are adjusted as necessary.

Each initial assessment and annual reassessment takes approximately two hours to complete. Using this assumption, DSDS estimates it will need an additional two APCW II FTE to meet the demand for additional assessments. (1,656 newly eligible HCBS cases X 2 hours = 3,312 hours for initial assessments ÷ 2,080 hours/FTE/year = 1.59, rounded to 2.00 in FY15; [46 new cases X 2 hours = 92 hours for initial assessments] + [1,656 X 2 = 3,312 hours for reassessments] = 3,404 hours ÷ 2,080 = 1.64 FTE, rounded to 2.00 in FY16; and [47 new cases X 2 hours = 94 hours for initial assessments] + [1,702 cases X 2hours = 3,404 hours for reassessments] = 1.68 FTE, rounded to 2.00 in FY17).

The personal services and expense and equipment costs are paid at the Medicaid administrative matching rate of 50 percent GR/50 percent federal. It is unknown if the DSS has included these costs in their fiscal note response.

HWC:LR:OD

ASSUMPTION (continued)

Based on discussions with **DSS** staff, **Oversight** assumes the DSS did not include potential DHSS personal service, expense and equipment costs in their fiscal note response. Therefore, Oversight will present these DHSS costs in the fiscal note. DHSS estimates total personal service and related equipment and expense costs for FY15 of \$111,832 (GR \$55,916; Federal \$55,916); FY16 costs of \$121,824 (GR \$60,912; Federal \$60,912); and FY17 costs of \$123,336 (GR \$61,668; Federal \$61,668).

**Oversight** assumes the DHSS would not need additional rental space for 2 FTE located in DS DS field offices.

MO HealthNet Home and Community Based Services (HCBS)

The estimated average cost per MO HealthNet HCBS participant for FY 15 is \$12,923. DS DS estimates the cost of HCBS services for FY 15 for the additional 1,656 participants at \$21,400,488 (1,656 new eligibles X \$12,923). Using an annual growth factor of 9.90 percent, DS DS estimates the FY 16 costs for the 1,702 participants at \$24,171,804 ( $\$12,923 \times .099 = \$1,279 + \$12,923 = \$14,202 \times 1,702 = \$24,171,804$ ). For FY 2017, costs for 1,749 participants would be \$27,298,392 ( $\$14,202 \times .099 = \$1,406 + \$14,202 = \$15,608 \times 1,749 = \$27,298,392$ ).

MO HealthNet HCBS are reimbursed using the Federal Medical Assistance Percentage (FMAP). The blended FMAP rate for FY 2015 is 36.905 percent GR and 63.095 percent federal. It is unknown if the Department of Social Services has included these costs in their fiscal note response.

The DHSS estimates total FY 15 HCBS costs of \$21,411,377 (GR \$7,897,850; Federal \$13,513,527); FY 16 costs of \$24,185,198 (GR \$8,920,604; Federal \$15,264,594); and FY 17 costs of \$27,312,119 (GR \$10,074,472; Federal \$17,237,647).

Based on discussions with **DSS** officials, **Oversight** is assuming that HCBS expenditures for the new group of eligibles due to the asset limit increase provided by DHSS have been included in DSS' fiscal note response. If this assumption is not correct, it would add approximately \$21.4 million to the total FY 15 impact, \$24.1 million to the FY 16 total impact, and \$27.3 million to the FY 17 total impact.

Officials from the **Department of Mental Health (DMH)** state the provisions of this proposal increases the available asset limit for persons age 65 and over and persons with disabilities to \$1,999.99 for single individuals and \$4,000 for married couples. The Department of Social Services (DSS) estimates this would add 8,174 new eligibles to the MO HealthNet program. The

ASSUMPTION (continued)

DMH, estimates 314 of these individuals currently receive Community Psychiatric Rehabilitation (CPR) services and 92 receive substance abuse treatment as non-Medicaid consumers at an annual cost of approximately \$318,400. Covering these consumers under MO HealthNet would allow DMH to re-direct state funds currently used for the services to provide additional CPR and substance abuse treatment. There also will be additional individuals with substance use disorders or serious mental illness who would qualify due to the increased asset limit. Costs for CPR and Comprehensive Substance Abuse Treatment and Rehabilitation (CSTAR) for the additional individuals and the current DMH consumers moving to MO HealthNet are included in the DSS estimate.

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD)/DSS** state section 208.010 of this act modifies the amount of cash, securities or other total non-exempt assets an aged or disabled participant is allowed to retain in order to qualify for MO HealthNet benefits from less than \$1,000 to \$2,000 for a single person and from \$2,000 to \$4,000 for a married couple. This would require changes to Family Assistance Management Information System (FAMIS), including:

1. Updating rules table with new resource maximum values will require 1 hour from a state staff member for all environments. This also includes update of technical specification documents.
2. Projecting 38 hours of effort for unit and systems test by contract staff.  
Assumptions:
  - All effort associated with these changes will be completed in FY 15 (no impact beyond 2015).
  - 39 hours of effort will be completed at the state staff rate of \$63.04/hr.

Total Cost: 39 hrs X \$63.04 = \$ 2,459 (rounded).

The match rate for FAMIS is 50% GR and 50% Federal.

Section 208.010 2 (2)

This section pays Pregnant Women with income between 133% and 185% of the FPL a subsidy in an amount equal to the premium and co-pays for a health plan they purchase on the Federally-facilitated marketplace.

ASSUMPTION (continued)

1. Requires processing of two new Medicaid Eligibility (ME) Codes.
2. Process commercial payments in a manner similar to what is currently done for the Health Insurance Payment Program (HIPP). This applies to a population estimated at 20,000 individuals.
3. This impacted MPW group enrolls through the Federally-facilitated Marketplace. These interfaces would exist through the MO Eligibility Determination and Enrollment System (MEDES) and the Federal Data Services Hub.

Effort and Cost for ITSD:

1. MO HealthNet Systems - Add two Medicaid Eligibility (ME) codes to table that determine match code. Requires one Computer Information Technology Specialist (CITS) I at \$25.05 per hour for 8 hours of analysis, coding and unit test plus 8 hours for systems and user acceptance testing. (16 hours X \$25.05/hr = \$401; rounded).
2. MO HealthNet Systems - Create new COBOL program to create remittance advises (RA's). Can be modeled from FMSHI707 reducing time to four hours for analysis and coding and four hours for testing for one IT-III at a rate of \$19.73 per hour (16 hours X \$19.73 = \$316; rounded).
3. DBA Team - Create new database to store the direct deposit information. This can be modeled after the existing HIPP direct deposit database which reduces effort to 24 hours for one CITS I at a rate of \$25.05 per hour (24 hours X \$25.05/hr = \$601; rounded).
4. MO HealthNet Systems - Create new job/procedure/program to process and store direct deposit information in the database. Requires one Information Technologist (IT) IV at a rate of \$22.34 per hour. Estimating 16 hours for analysis, code and unit test plus 16 hours for system and user acceptance testing, including time to test with the mailroom to ensure they can merge notices with checks. (32 hours X \$22.34 = \$715; rounded).
5. State Data Center costs are anticipated to be about 13 times higher than the average \$68 per month for processing HIPP (for an estimated 20,000 people versus the 1,532 currently enrolled in HIPP). Data Center costs include CPU, storage and print expenses. (13 X \$68/month = \$884 per month or \$10,608 per year).

Total DID Hours: 88 hours

Total DID Cost: \$2,033 (rounded)

Annual Data Center Charges: \$10,608 per year

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ASSUMPTION (continued)

Development costs would occur in FY 15 and data center costs would occur for the last half of FY 15 and for full years thereafter.

GR Expense for FY15

DID:  $10\% \times \$2,032.56 = \$204$  (rounded)

S.C.:  $10\% \times 0.5 \text{ years} \times \$10,608 = \$530$  (rounded)

Total GR Expense = \$734 (rounded)

Federal Expense for FY 15

DID:  $90\% \times 2,032.56 = \$1,829$  (rounded)

S.C.:  $90\% \times 0.5 \text{ years} \times \$10,608 = \$4,774$  (rounded)

Total Federal Expense = \$6,603 (rounded)

GR Expense for FY 16 and thereafter

S.C.:  $10\% \times \$10,608 = \$1,061$  (rounded)

Federal Expense for FY 16 and thereafter

S.C.:  $90\% \times \$10,608 = \$9,547$  (rounded)

§208.151 - Medical Assistance for Needy Persons (MO HealthNet)

Officials from the **DSS - Division of Finance and Administrative Services (DFAS)** state there is an estimated savings for 208.151.2(1) relating to breast and cervical cancer costs.

Effective July 1, 2015, women with breast or cervical cancer will be eligible for MO HealthNet (MHN) only if they do not have access to employer-sponsored health insurance coverage or subsidized insurance coverage through the health care exchange and have income between 100% and 200% of the federal poverty level (FPL) using the Modified Adjusted Gross Income (MAGI) standard. DSS estimates that 18 eligibles will be affected by this provision, resulting in a savings in FY 16 of less than \$430,988 (Federal less than \$319,664; GR less than \$66,794; various Other State Funds less than \$44,530) and in FY 17 of less than \$449,090 (Federal less than \$333,090; GR less than \$69,600; various Other State Funds less than \$46,400).

DSS - DFAS officials also state for subsection 208.151.2(2) - Pregnant Women, there will be a savings.

Effective July 1, 2015, pregnant women between 133% and 185% of the FPL will be eligible for MHN in the form of a premium subsidy to allow them to enroll in a plan offered by the health care exchange. A pregnant woman is eligible for a premium subsidy equal to the amount of the percentage of income required for premium payments or coinsurance to the pregnant women by federal rule.

ASSUMPTION (continued)

DSS estimates this provision will affect 1,239 eligibles and result in a savings beginning in FY 2016. FY 16 savings are estimated to be \$10,602,984 (Federal \$6,689,953; GR \$2,347,819; various Other State Funds \$1,565,213); FY 17 savings are estimated to be \$11,048,310 (Federal \$6,970,931; GR \$2,446,427; various Other State Funds \$1,630,952).

DSS - DFAS officials state for subsection 208.151.2(3) - Newborns, that effective October 1, 2019, coverage for infants under one year of age, in families with income between 133% FPL and 185% FPL as converted to the MAGI standard, will only be eligible for MHN if his or her parents do not have access to health insurance coverage in a health care exchange and the parents are not eligible for a premium subsidy for the child or family through the exchange because the parents have been determined to have access to affordable health insurance as defined by the exchange.

DSS estimates this provision may affect up to 1,054 infants under the age of one (this is the current infant population between 133% and 185% FPL). Program savings are not expected to occur until FY 20.

Officials from the **DSS - FSD** state the section 208.151.8 requires the department to notify potential exchange-only participants who may be eligible for services due to spend down that the participant may qualify for a more cost-effective private insurance and premium tax credit under the exchange. As of November, 30, 2013, there are 63,920 individuals eligible for MO HealthNet for the Aged, Blind, and Disabled (MHABD) program on a spend down basis. Of these, 84% (53,693) are also receiving Medicare and 16% (10,227) are non-Medicare. Only the non-Medicare recipients will need to be notified since Medicare recipients are not eligible for coverage in the exchange. The FSD anticipates mailing a one-time notice to these individuals to notify them of the potential for more cost-effective private insurance and premium tax credits available through the health care exchange. The FSD anticipates a one-time cost of \$4,193 (10,227 x \$0.41 postage cost) to mail the initial one-time notice. These costs have a 50% federal match rate (\$2,097 Federal; \$2,096 General Revenue).

Notification for new MHABD spend down participants will be added to other required notifications mailed when a participant is approved for or changed to spend down eligibility.

**Oversight** assumes the DSS - FSD can absorb the minimal mailing costs associated with these provisions of the proposal.

Officials from the **DHSS - Division of Community and Public Health (DCPH)** state the proposed legislation modifies the provisions to the MO HealthNet program. These changes would have an unknown impact on the Metabolic Formula Program, the Adult Genetics

ASSUMPTION (continued)

Program, and Children and Youth with Special Health Care Needs Program because the proposed legislation requires participants eligible for MO HealthNet to enroll in a health care exchange, select a plan and then MO HealthNet will pay in the form of a premium subsidy. It's not stated what the insurance coverage of these plans would entail to determine what the impact would be for the programs. As payer of last resort, these programs may have more or less fiscal responsibility for eligible expenses depending on the number of individuals eligible for MO HealthNet and the coverage of the plans to be subsidized by MO HealthNet under the new provisions.

§208.186 - Substance Abuse Assessments

Officials from the **DSS - Children's Division (CD)** state it is unknown how many MO HealthNet participants may receive an assessment based on this provision. MO HealthNet may already pay for a limited number of these assessment in the normal course of treatment; however, it is likely that the number of assessments will increase. The CD assumes an unknown fiscal impact.

Officials from the **DSS - Division of Youth Services (DYS)** state it is unknown how many MO HealthNet participants may receive an assessment based on this provision. MO HealthNet may already pay for a limited number of these assessment in the normal course of treatment; however, it is likely that the number of assessments will increase. The DYS assumes an unknown fiscal impact.

Officials from the **DMH** state this section requires a MO HealthNet recipient who has been adjudicated guilty of a crime involving alcohol or controlled substance or which was a contributing factor, or is a parent of a child subject to proceedings in a juvenile court, to obtain an assessment by a treatment provider approved by DMH. The language is unclear as to which department or division will fund these assessments or if the cost of the assessment will be paid by the individual. Since this is unclear, DMH assumes there would be no cost to the DMH for the assessments.

§208.631 - CHIP Coverage for Children

Officials from the **DSS - DFAS** state effective October 1, 2019, families will only remain eligible for CHIP coverage for their children if parents do not have access to health insurance coverage in a health care exchange and the parents are not eligible for a premium subsidy for the child or family through the exchange because the parents have been determined to have access to affordable health insurance as defined by the exchange.

DSS estimates this provision may affect up to 41,490 children receiving coverage through the CHIP program in families with incomes between 133% and 300% FPL. Program savings are not expected to occur until FY20.

ASSUMPTION (continued)

§208.661 - Co-locating Health Clinics on School Property

Officials from the **DSS - MHD** state this legislation requires the DSS to develop an incentive program to encourage health care clinics to locate on school property. If the incentive programs consist of grants, the grants would have a fiscal impact on the MHD. MHD would offset such grants from the costs reported by Federally Qualified Health Centers (FQHCs) or Rural Health Clinics (RHCs) when MHD performs their FQHC/RHC Medicaid cost settlements. If MHD amends its regulations to exempt such grants from offset, the fiscal impact to MHD would be greater than if the incentive grants are offset.

If a school-based clinic becomes certified and approved by federal agencies as an FQHC or RHC site, the site must first be enrolled with Medicare before it can be enrolled as a Medicaid FQHC/RHC site. Due to the time required for the Medicare enrollment process, there will be no fiscal impact for FY 15.

Since MHD does not know how many schools and health clinics will utilize this program nor how the incentive program will be implemented, the fiscal impact for FY 16 and FY 17 is unknown.

**Oversight** is ranging the costs from \$0 to (Unknown) for FY16 and FY17 because 208.661.6 provides that the provisions of the proposal will be null and void unless and until any waivers necessary are granted by the federal government.

Officials from the **Department of Elementary and Secondary Education (DESE)** state section 208.661 appears to provide the potential for local school districts to gain an incentive; however, any impact cannot be estimated.

Officials from the **DHSS - Division of Regulation and Licensure (DRL)** state there are approximately 384 RHCs in the state currently. Due to the fact that DHSS no longer performs initial RHC Medicare surveys except in very limited situations and most new RHCs, if any, that would result from the proposed legislation, would go through the Accrediting Organization's (AO) accreditation process, DRL assumes no impact for this section. Even though RHC initial surveys were placed in Tier 3 in the final FY14 Mission Priority Document (MPD), given that there is a likelihood that they will be Tier 4 in FY15 and the information noted above, DRL continues to consider this section of the proposal to have no fiscal impact.

ASSUMPTION (continued)

§208.662 - Show-Me Healthy Babies

Officials from the **DSS - MHD** state section 208.662.1 creates the "Show-Me Healthy Babies Program" which would provide medical coverage to unborn children through the Children's Health Insurance Program (CHIP).

Section 208.662.2 sets the income eligibility of the program at no more than 300% of the federal poverty level (FPL), subject to appropriations.

Section 208.662.3 states that medical coverage would be limited to prenatal care and pregnancy-related services that benefit the health of the unborn child and that promote healthy labor, delivery, and birth.

The Family Support Division (FSD) assumes that 1,844 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 Federal Poverty Level (FPL). MHD assumes that pregnant women will be enrolled, and not actually the unborn child. MHD further assumes that the 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 \$579.11. Total cost for a year would be \$12,814,546 (1,844 x \$579.11 x 12). There may be some additional unknown costs for programming, so that this new category of aid can be identified.

Section 208.662.4 requires the DSS to set up a presumptive eligibility procedure for enrolling an unborn child.

FSD currently has presumptive eligibility procedures in place.

Section 208.662.5 states that coverage for the child shall continue for up to one year after birth. MHD currently covers children age 0 - 1 between 185% - 300% of FPL under the CHIP program. This would have no additional fiscal impact on MHD.

Section 208.662.6 requires coverage for the mother to continue through the last day of the month that includes the sixtieth day after the pregnancy ends. Coverage for the mother shall be limited to pregnancy-related and postpartum care.

These costs would be included in the yearly cost of the MPW population.

ASSUMPTION (continued)

Section 208.662.7 defines the ways that the DSS may provide coverage. These include paying the health care provider directly or through managed care; a premium assistance program; a combination of the two; or a similar arrangement.

MHD assumes a one-time cost for managed care rate development of \$50,000.

Section 208.662.8 requires the department to provide information about the Show-Me Healthy Babies Program to maternity homes, pregnancy resource centers, and similar agencies and programs in the state. It also states the department shall consider allowing such agencies to assist in enrollment and presumptive eligibility and verification of the pregnancy.

Section 208.662.9 requires the DSS to submit a state plan amendment or seek necessary waivers within sixty days after the effective date of this section to United States Department of Health and Senior Services.

MHD currently has a state plan amendment for CHIP. MHD assumes that it could submit this new state plan amendment with existing staff.

Section 208.662.10 requires the DSS to prepare and submit a report on cost savings and benefits at least annually.

MHD assumes that it would contract this service out at a cost of \$40,000 per year.

Section 208.662.11 states that the Show-Me Healthy Babies Program shall not be deemed an entitlement program, but instead shall be subject to federal allotment or appropriations and matching state appropriations.

Section 208.662.12 states that the state is not obligated to continue this program if the allotment or payments from the federal government end or are not sufficient to operate the program, or if the general assembly does not appropriate funds for the program.

MHD assumes that if the waiver were not approved or if state match were not appropriated, that this program would cease to exist.

Section 208.662.13 states that nothing in this section shall be construed as expanding MO HealthNet or fulfilling a mandate imposed by the federal government or the state.

ASSUMPTION (continued)

Total costs for the program, would be \$12,814,546 in FY13 for the unborn population plus \$40,000 per year for reporting, a one-time rate development cost of \$50,000, and a one-time unknown cost for programming in FY15. It is also assumed that the unborn cost in FY15 will only be for a 10-month period. A 2.9% medical inflation was added to the FY13 program costs for FY14 and FY15 to arrive at the FY15 cost. An additional 2.9% medical inflation cost was added to FY16 and FY17. The federal match for CHIP services is 74.170%. Rate development, reporting and programming costs would receive a federal match rate of 50%.

FY15 (10 months): \$0 to > \$11,397,139 (GR > \$2,965,634; Federal > \$8,431,505);  
FY16: \$0 to \$14,002,055 (GR \$3,626,399; Federal \$10,375,656); and  
FY17: \$0 to \$14,406,954 (GR \$3,730,984; Federal \$10,675,970).

This program is subject to appropriations.

Officials from the **OA - Commissioner's Office** state it is unknown at this time how the Alternatives-to-Abortion (A2A) program and the services rendered by A2A providers might be impacted by this proposal. It is assumed that the A2A providers would need to be informed of any legislative changes pertaining to health care and health insurance for pregnant women in order to assist them appropriately.

Officials from the **DMH** state this section establishes the "Show-Me Healthy Babies Program" under the Children's Health Insurance Program (CHIP) to provide coverage to unborn children whose mothers are uninsured and have income up to 300% of the federal poverty level (FPL). DMH currently serves consumers in Alcohol and Drug Abuse (ADA) and CPR programs that are not eligible for MO HealthNet that would qualify in this new program. There also will be additional individuals with substance abuse disorders and serious mental illness who would qualify under this new program. Costs for CPR and CSTAR services are included in the DSS estimate.

Officials from the **OA - ITSD/DSS** provide the following assumptions:

MHD indicated they would require the establishment of at least one new Medicaid Eligibility (ME) code, coding to possibly enroll a participant in a managed care plan, passing eligibility to WIPRO (the DSS contractor) from the Family Assistance Management Information System (FAMIS), and review the Health Insurance Premium Payment (HIPP) coding.

ASSUMPTION (continued)

In addition, the Medicaid Management Information System (MMIS) would require the establishment of at least one new ME code, development of new reports, and additional tracking of participants. The required systems work would be done by WIPRO.

MHD Estimates:

| Activities                          | Estimated Hours |
|-------------------------------------|-----------------|
| Analysis/Design/Create/Modify Specs | 100             |
| Coding                              | 160             |
| Testing                             | 40              |
| Total                               | 300 hrs         |

$$300 \text{ hours} \times \$63.04/\text{hr} = \$ 18,912$$

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

§208.670 - Telehealth

Officials from the **DSS - MHD** assumes that out-of-state health care providers must enroll with MO HealthNet and must only provide the distant site service, and a Missouri provider must initiate the contact as the originating site. MO HealthNet assumes that a specialist (including hospitalist) would not be able to admit or serve as an attending provider via telehealth services. MO HealthNet also assumes that all other requirements for Telehealth service, established in 13 CSR 70-3.190, will be followed.

MO HealthNet does not anticipate a fiscal impact.

§208.952 - Joint Committee on MO HealthNet

Officials from the **Missouri Senate** state the proposal will have no fiscal impact to the Missouri Senate. However, the language of the proposal establishing a joint committee to study Medicaid issues will likely have a fiscal impact ranging from \$75,000 to \$165,000. This estimate is based on current appropriations (rounded) for the Joint Committees of: Education, \$75,000; Administrative Rules, \$124,000; and Retirement Systems, \$165,000. Costs of employment or consulting contracts to investigate MO HealthNet will depend on the area of specialization needed to complete the project. Actuarial services and/or economic forecasting for recipient demographics can range greatly; however, contract costs are likely to be less than \$100,000 annually.

ASSUMPTION (continued)

**Oversight** will transfer funds from the General Revenue Fund to the Joint Contingency Fund in an amount of "less than \$265,000" annually to cover the expenses of the Joint Committee on MO HealthNet and the contract/consulting costs to investigate MO HealthNet. Oversight assumes expenditures will equal funds transferred-in and will net to \$0.

Officials from **DESE** state depending on the actions of the committee, there could be a cost to the department.

DESE will have access to some state information through the MO Health Information Network exchange. However, DESE does not collect the data required through this proposal, especially at the district level. DESE can capture districts' Medicaid revenue at the end of the year through the Annual Secretary of the Board Report (ASBR), but it has no way to project future costs and growth for each school. Costs are unknown.

**Oversight** assumes MO HealthNet growth projections, including enrollment growth categorized by population and geographic area will be primarily the responsibility of the DSS and the DESE will have minimal costs associated with this provision of the proposal.

§208.991 - Definitions and MO HealthNet Eligible Persons

Officials from the **DHSS - DSDDS** state this section defines terms including "medically frail" and adds MO HealthNet coverage for those meeting that definition. Since the screening process would have to be developed, DSDDS cannot provide an estimate of the number of individuals that would be eligible under this definition, or an estimate of the cost of services for those individuals.

§208.997 - Health Care Homes Program

Officials from the **DSS - DFAS** state MHD must implement a "Health Care Homes Program" to transition from the fee-for-service program to an accountable care organization under 208.1503. Savings from better care coordination for individuals transitioning into a CCO under 208.1503 is included in the CCO per member, per month (PMPM) estimate. There would be an unknown savings from including medically frail participants in a health home where it is determined that the health home is the best care management model.

**Oversight** notes that the provisions of section 208.997 state that by July 1, 2018, MHD is to develop and implement the "Health Care Homes Program". Oversight assumes the savings would occur outside the period of this fiscal note.

ASSUMPTION (continued)

Officials from the **DHSS - Division of Community and Public Health (DCPH)** state this section poses an unknown impact to the Healthy Children and Youth (HCY) and Medically Fragile Adult Waiver (MFAW) programs. This section directs MO HealthNet to develop and implement a "Health Care Homes Program" as a provider-directed care coordination program for individuals who are deemed medically frail to be enrolled in a coordinated care organization (CCO) under section 208.1503. Those who are to be enrolled in a CCO per Section 208.1503 are all MO HealthNet participants in the fee-for-service program except those who are transitioning to the MO HealthNet managed care program, those who reside in a skilled nursing facility, or those with developmental disabilities who are receiving state services or services through a home and community-based waiver administered by the Department of Mental Health. By definition in this proposed legislation a coordinated care organization is an organization of health care providers that agree to be accountable for the quality, cost, coordination, and overall care of the participants enrolled in the CCO. Currently, Special Health Care Needs (SHCN) provides service coordination for recipients for MO HealthNet's HCY and MFAW programs. These program participants meet the definition of medically frail in the legislation and are fee-for-service recipients. Through service coordination functions, SHCN service coordinators assess and authorize the home and community based services to be provided to program participants by other providers. It is unclear in the legislation if the authorization of services would remain a function of SHCN separate from the care coordination to be provided by the coordinated care organizations. Current structure enables SHCN to be an objective third party assessor in assessing and authorizing services for the MFAW and HCY programs.

The Medically Fragile Adult Waiver (MFAW) is administered by the Department of Health and Senior Services (DHSS) Special Health Care Needs (SHCN). This waiver is classified as a developmental disability waiver; however, not all participants in the MFAW Program may be classified as developmentally disabled. The Healthy Children and Youth Program is a program for MO HealthNet fee-for-service participants also administered by DHSS. The language in the proposed legislation does not exempt those participants being served through the MFAW Program and the HCY Program from being transitioned to a CCO.

Officials from the **DHSS - DSDS** state this section establishes health care homes for medically frail individuals and transitions them to managed care settings effective July 1, 2018. Since the design of benefit package is unclear, nor the screening developed to determine medical fragility, DSDS cannot provide a fiscal estimate for this section. Any fiscal impact would begin in FY 19.

Officials from the **DMH** state the provisions in this section adds community mental health centers (CMHCs) to the Health Care Homes program. CMHCs currently administer the Health Care Homes program, so DMH anticipates no fiscal impact.

ASSUMPTION (continued)

§§208.998 and 208.1503 - Extension of Managed Care Statewide and Accountable Care Organizations

Officials from the **DSS - MHD** state section 208.998.1 requires the department to extend the current managed care program statewide no earlier than January 1, 2015 but by July 1, 2015, for all eligibility groups currently enrolled in a managed care plan as of January 1, 2014. There is a 3% savings estimate on current Fee-For-Service costs for 204,585 MO HealthNet participants moving from Fee-For-Service to managed care. This analysis assumes a January 1, 2015 start date.

Section 208.998.1(1) requires plans to resemble commercially available health plans and 208.998.1(6) requires provider rates that include pay for performance and are comparable to commercial rates. Based on these sections, DSS assumes that costs for participants covered under managed care in accordance with this section will be paid at a commercial rate. It is assumed that cost to pay a commercial rate will be 4% more than the current managed care PMPM.

It is assumed that the commercial rates will include incentive programs.

Administrative Costs: MO HealthNet would require an additional eight (8) FTE to implement Managed Care statewide. These FTE would include: a Social Services Manager II (\$50,088 annually); a Management Analysis Specialist II (\$41,016 annually); a Medicaid Unit Supervisor (\$41,016 annually); a Program Development Specialist (\$39,480 annually); a Correspondence and Information Specialist (\$34,092 annually); and three (3) Medicaid Technicians (\$31,800 annually, each). MHD assumes that additional rental space would be needed, as there are not eight (8) open cubicles at the Howerton Building. The total cost for staff, fringe and office space for FY15 (10 months) would be \$476,102. FY16 costs would be \$492,757, and FY17 costs would be \$498,187.

If current HMOs are utilized from January 1, 2015 to July 1, 2015, and only new enrollees are sent enrollment packets, the cost for enrollment packets would be \$229,000. However, if there was a statewide rebid and open enrollment for all enrollees, the cost for enrollment packets would be \$510,140. If a rebid were required, there will be additional activities that would need to take place and it is unlikely that the rebid process could be successfully implemented before January 1, 2015.

MO HealthNet estimates that there would be an actuarial cost to evaluate the capitation rates in the amount of \$100,000.

There would also be a one-time cost for Medicaid Management Information System (MMIS) changes to cover the additional counties and population. The estimated cost for this would be \$550,000. This assumes a new region will be created and up to 3 new health plans will be added.

ASSUMPTION (continued)

MO HealthNet shall develop transitional spending plans prior to January 1, 2015, if necessary, for the purpose of continuing and preserving payments consistent with the current Medicaid levels for community mental health centers (CMHCs).

Section 208.998.8.(6) adds pharmacy benefits to the list of services provided by the contracted health plans. However, Section 208.998.2 allows DSS to designate certain health care services be excluded from such health plans if it is determined to be cost effective. Therefore, DSS plans to continue to carve-out pharmacy benefits as this is the most cost-effective option. If pharmacy benefits were covered by the managed care plans there would a loss of pharmacy tax as a funding source.

The cost to administer statewide managed care with the current MO HealthNet population would be as follows:

FY15: \$476,101 for Salaries, Fringe and E&E (10 months)  
\$229,000 minimum for enrollment packets  
\$100,000 for actuarial costs  
\$550,000 for MMIS costs  
Total: \$1,355,101

**NOTE:** Costs could exceed above amount if rebid is necessary (\$510,140 packet cost for enrollees plus additional costs associated with rebidding managed care contracts).

FY 16: \$492,757 for Salaries, Fringe and E&E  
\$229,000 for additional Enrollment Packets  
Total: \$721,757

FY 17: \$498,187 for Salaries, Fringe and E&E  
\$229,000 for additional enrollment packets  
Total: \$727,187

FY15 (10 mos.) >= \$1,355,101 (GR >= \$677,550; Federal >=\$677,551);  
FY16: \$721,757 (GR \$360,878; Federal \$360,879);  
FY17: \$727,187 (GR \$363,593; Federal \$363,594).

There would be a six-month savings in FY 15 for moving the current fee-for-service population to Managed Care. Savings will be in Federal, GR and Other Funds, including Federal Reimbursement Allowance, Ambulance Federal Reimbursement Allowance and Health Initiatives Fund.

FY 15 (6 months): \$12,289,077 (Federal \$7,815,605; GR \$2,730,633; Other Funds \$1,742,839);  
FY 16: \$25,094,295 (Federal \$15,959,466; GR \$5,575,953; Other Funds \$3,558,876);  
FY 17: \$26,148,256 (Federal \$16,629,764; GR \$5,810,142; Other Funds \$3,708,350).

ASSUMPTION (continued)

The number of eligibles affected is:

|   |                |
|---|----------------|
| Adults:                                       | 26,184         |
| Pregnant Women:                               | 9,364          |
| Children:                                     | 153,306        |
| Children - 100% State Benefit (DYS and CD):   | 184            |
| Children - CHIP (at the enhanced match rate): | <u>15,547</u>  |
| <b>Total:</b>                                 | <b>204,585</b> |

DSS assumes a 3% cost savings as a result of moving these recipients from fee-for-service to managed care.

Officials from the **DHSS - Division of Community and Public Health (DCPH)** state the proposed legislation would extend the current MO HealthNet statewide. Currently, in addition to the long-term care it provides to permanently and totally disabled children, the Healthy Children and Youth Program each year serves a small but unpredictable number of children in need of active but short-term treatment for a severe injury or episode of illness, an urgent medical condition, or during recovery from surgery. This extension could result in those short-term, federally required services being provided through managed care rather than through fee for service. This may result in a minimal decrease in Healthy Children and Youth Program (HCY) enrollment.

Officials from the **DHSS - DSDS** state this section (208.1503) requires the Office of Administration, Department of Social Services, Department of Health and Senior Services, and Department of Mental Health to conduct a feasibility study of integrating all of the aged, blind, and disabled populations into coordinated care organizations. The fiscal impact of this requirement would be absorbed by DSDS.

Officials from the **DMH** state sections 208.998 and 208.1503 requires MO HealthNet fee-for-service participants, except for those participants in skilled nursing facilities, to be transitioned into managed care or regionally-based coordinated care organizations (CCO) through a global payment methodology. Section 208.998 begins no earlier than January 1, 2015 and no later than July 1, 2015. Whereas, enrollment changes in Section 208.1503 begin July 1, 2018. Additionally, Section 208.1503.2(7) specifies July 1, 2015, which is not consistent with effective dates in 208.1503.1.

Section 208.1503.1 excludes participants receiving Developmental Disabilities (DD) state plan services or home and community based services through waivers administered by the DMH from enrolling in a CCO DMH anticipates no fiscal impact.

ASSUMPTION (continued)

Section 208.1503 also encourages provider rates to include pay-for-performance, performance incentive payments, and to be comparable to commercial rates. Section 208.1503 carves out DMH care management services (Community Psychiatric Rehabilitation [CPR], Comprehensive Substance Abuse Treatment and Rehabilitation [CSTAR], Targeted Case Management [TCM], and Developmental Disabilities waiver services) from the CCO global payment methodology. Therefore, DMH assumes that all DMH fee-for-service care management services will remain fee-for-service as they are today, and no fiscal impact is anticipated.

Officials from the **OA - ITSD/DSS** provide the following assumptions:

Expand Managed Care program statewide:

1. There are currently three Managed Care Regions covering the central portion of the state from Kansas City to St. Louis.
2. Four new regions would be added to cover the northern and southern areas of the state.
3. Assumes there may be up to three new health plans.
4. MEDES would have to create Managed Care records for seven regions instead of three and create records for an estimated 641,000 enrollees. Currently there are about 410,000 enrollees.

ITSD Effort and Cost:

1. MO HealthNet Systems - Modify batch subroutine that identifies the Managed Care region the participant resides in. MEDES would call this subroutine to when creating the Managed Care file to be processed by MHN Systems. One Information Technologist (IT) III would be assigned to this task at a rate of \$19.73 per hour. Estimating 8 hours for analysis, code and unit test plus 20 hours for systems integration testing with FSD and MHD. (28 hours X \$19.73/hr = \$552; rounded);
2. MO HealthNet Systems - Modify COBOL modules with reassignment logic to enroll the participant in the same health plan in a different region if the plan exists in both regions. A Computer Information Technologist Specialist (CITS) I would be assigned to this task at a rate of \$25.05 per hour. Estimating 8 hours for analysis, coding and unit test plus 20 hours for integration testing with FSD and MHD. (28 hours X \$25.05/hr = \$701; rounded);
3. Server Applications Team - Modify Managed Care Online Enrollment application to add the new regions and the health plans available in each region. This task would be assigned to a CITS II at a rate of \$29.88 per hour. Estimating 16 hours for analysis, coding and unit test plus 24 hours for systems and user acceptance testing. (40 hours X \$29.88 per hour = \$1,195; rounded);

ASSUMPTION (continued)

4. MO HealthNet Systems - Modify programming for approximately 10 reports for new health plans and add new health plans to the provider database. Estimating 40 hours for analysis and coding plus an additional 24 hours of effort to test which includes set up of test JCL and execution of jobs. An Information Technologist (IT) IV would be assigned at a rate of \$22.34 per hour. (64 hours X \$22.34/hr = \$1,430; rounded);
5. Data Center costs for operating Managed Care currently average about \$1,900 per month for CPU, storage and print costs. Extrapolating based on a 56% increase in participants in Managed Care, processing costs should increase by \$1,064 per month (56% of \$1,900) or \$12,768 per year.

Total Development Hours: 160

Total Development Cost: \$3,879 (rounded)

Expected Increase in Data Center Charges: \$12,768 per year.

Development costs would occur in FY 15 and data center costs would occur for the last half of FY 15 and for full years thereafter.

GR Expense for FY 15

DID:  $10\% \times \$3,878.80 = \$388$  (rounded)

S.C.:  $10\% \times .5 \text{ years} \times \$12,768 = \$638$  (rounded)

Total GR Expense = \$1,026 (rounded)

Federal Expense for FY 15

DID:  $90\% \times 3,878.80 = \$3,491$  (rounded)

S.C.:  $90\% \times 0.5 \text{ years} \times \$12,768 = \$5,746$  (rounded)

Total Federal Expense = \$9,237 (rounded)

GR Expense for FY 16 and thereafter

S.C.:  $10\% \times \$12,768 = \$1,277$  (rounded)

Federal Expense for FY 16 and thereafter

S.C.:  $90\% \times \$12,768 = \$11,491$  (rounded)

ASSUMPTION (continued)

| <u>FY 15 Total Costs:</u>    | <u>GR</u>          | <u>Federal</u>     | <u>Total</u>         |
|------------------------------|--------------------|--------------------|----------------------|
| 208.010                      | \$1,229            | \$1,229            | \$ 2,458             |
| 208.010.2                    | 734                | 6,603              | 7,337                |
| 208.662                      | Unknown > 9,456    | Unknown > 9,456    | Unknown > 18,912     |
| <u>208.998.1</u>             | <u>1,026</u>       | <u>9,237</u>       | <u>10,263</u>        |
|                              | Unknown > \$12,445 | Unknown > \$26,525 | Unknown > \$ 38,9707 |
| <br>                         |                    |                    |                      |
| <u>FY16 and after Costs:</u> | <u>GR</u>          | <u>Federal</u>     | <u>Total</u>         |
| 208.010.2                    | \$1,061            | \$9,548            | \$10,608             |
| <u>208.998.1</u>             | <u>1,277</u>       | <u>11,4910</u>     | <u>12,768</u>        |
|                              | \$2,338            | \$21,038           | \$23,376             |

§208.999 - Urgent Care Clinics

Officials from the **DSS - MHD** assumes that, if established, the urgent care clinics will provide the state match and the Centers for Medicare and Medicaid Services (CMS) will recognize the match. The federal cost is unknown. It is assumed that there will be no fiscal impact to the state, even though the federal funds may "pass through" state accounts.

The provisions of this section are subject to appropriations.

§208.1500 - Managed Care Data and Network Adequacy Requirements

Officials from the **DSS - MHD** state the proposed legislation establishes additional reporting requirements for the health plans. It is assumed that the capitation rates would increase at least \$100,000 for the health plans' additional administrative expenses. MHD's actuary assumes that the actuarial cost to evaluate this program change to the managed care capitation rates will be no more than \$25,000.

MHD already reports some of the information required by this legislation, but not all of it, and it is not reported in the detailed format required nor is it compiled and published quarterly. In order to meet these requirements, MHD would need one additional staff at the Management Analysis Specialist II level (\$41,016 annually), to collect, compile, analyze and report the data on a quarterly basis. It is assumed that FY 15 would be for 10 months and include office/cubicle set up costs. In FY 15, the cost for Personal Services, Fringe and Expense and Equipment would be \$63,764. In FY 16 and FY1 7 the cost would be \$66,748 and \$67,481, respectively.

ASSUMPTION (continued)

FY 15: >\$188,764 (GR >\$81,287; Federal >\$ 107,477);  
FY 16: >\$166,748 (GR >\$70,279; Federal > \$96,469);  
FY 17: >\$167,481 (GR >\$70,645; Federal > \$96,836).

§208.1503 - Coordinated Care Organizations

Officials from the **DSS - DFAS** state it is estimated that 224,235 MO HealthNet participants are not covered under managed care in 208.998 and are not in an institution or receiving services under the DD waiver.

It is estimated that 68% of the 224, 235 are Medicare/Medicaid dual eligibles, meaning savings from care management will accrue to the Medicare program (100% federally funded) even though the state will pay for 37% of the costs of care management. To date Missouri has not been successful in negotiating a shared savings model with the Medicare program. For this reason, it is assumed that only non-duals (Medicaid – only) or 32% of the 224,235 (71,755 individuals) will be in a CCO.

Additionally, some of these individuals are already participating in the health home program so some of the savings from care management/care coordination is already being realized in this population.

There is a new cost to implement the CCO model. A per member, per month (PMPM) net increase of \$162.12 is assumed based on the following information:

- Assume a 3% savings on current Fee-For-Service (FFS) costs - \$41.40 PMPM savings;
- Assume an increase in cost between current fee-for-service (FFS) rate and CCO shared-risk rate largely due to paying commercial rate - \$298.93 PMPM new cost; and,
- Assume that the savings between an HMO rate and CCO shared-risk rate will be the same as that between an CCO full-risk and CCO shared-risk rate - \$95.41 savings

The fiscal impact is expressed as unknown greater than the PMPM increase for the 71,755 individuals since there will be additional costs associated with adding more individuals under 208.010.2(4) whose care will be managed by the CCO.

This section also requires the Department of Social Services, Department of Mental Health, Department of Health and Senior Services, and Office of Administration, Division of Budget and Planning to complete a feasibility study by July 2015 on implementing a CCO for all ABD participants, including those in nursing homes and being served under DMH waivers. DSS

HWC:LR:OD

ASSUMPTION (continued)

assumes it would use contractors to assist with the feasibility study. The feasibility study cost is estimated to be a \$750,000 one-time cost. Administrative costs are split 50/50 between General Revenue and federal funds.

**Oversight** notes that DSS - MHD estimates the total additional expenditures will exceed \$145 million annually, but the provisions of this section do not become effective until July 1, 2018; therefore, these costs are outside the scope of the fiscal note.

§473.398 - Recovery of Public Assistance Funds

Officials from the **DMH** anticipates no fiscal impact from section 473.398. DMH currently uses computerized records to prepare the certificate of account.

Bill as a Whole

Officials from the **OA - Division of Budget and Planning (BAP)** state the legislation will result in increased revenues to the state. The legislation will increase federal dollars spent on health care in Missouri by \$104 million in fiscal year 2015. This infusion of federal dollars will allow health care employers to increase their payrolls.

BAP assumes health care providers will continue to spend the same percentage of revenues on payrolls and is assuming an effective 4.5% rate of withholding for those employees' salaries. Because this legislation does not begin until August 28, 2014, BAP assumes that only ½ of income tax revenues will be realized in Fiscal Year 2015. BAP is assuming a full year of revenue growth in the subsequent fiscal years.

BAP assumes that 19.20% of new employee salaries will be spent on taxable purchases at a three percent general revenue sales tax rate.

BAP assumes that 6.9% of increased health care provider revenues that are not spent on salaries will be spent on taxable purchases at a three percent general revenue sales tax rate.

ASSUMPTION (continued)

| <b>Increased Revenue from asset limit changes, Show-Me Healthy Babies, and commercial rates of reimbursement</b> |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>FY15</b> | <b>FY16</b> | <b>FY17</b> |
| Income Taxes   | \$774,445   | \$2,306,894 | \$2,392,069 |
| Sales Taxes  | \$152,826   | \$295,282   | \$306,185   |
| Misc Taxes   | \$72,805    | \$140,670   | \$145,863   |
| Total  | \$1,000,076 | \$2,742,846 | \$2,844,117 |

The growth in taxes is due solely to the growth in federally funded health benefits services, no multipliers have been used.

Additional sales tax revenue will also be generated for education (1%), Conservation (.125%) and DNR (.1%).

| <b>Additional Sales Tax Impacts</b>             |             |             |             |
|---|-------------|-------------|-------------|
|   | <b>FY15</b> | <b>FY16</b> | <b>FY17</b> |
| Prop C-Function of Income Tax                   | \$65,886    | \$120,771   | \$125,230   |
| Prop C-Non salary portion health care providers | \$31,388    | \$57,534    | \$59,658    |
| Prop C Total                                    | \$97,274    | \$178,305   | \$184,888   |

ASSUMPTION (continued)

| <b>Additional Sales Tax Impacts</b>                   |             |             |             |
|---|-------------|-------------|-------------|
|   | <b>FY15</b> | <b>FY16</b> | <b>FY17</b> |
| Conservation-Function of Income Tax                   | \$8,377     | \$15,355    | \$15,922    |
| Conservation-Non salary portion health care providers | \$3,991     | \$7,315     | \$7,585     |
| DNR-Function of Income Tax                            | \$6,766     | \$12,402    | \$12,860    |
| DNR-Non salary portion health care providers          | \$3,223     | \$5,908     | \$6,126     |
| Total   | \$22,357    | \$40,980    | \$42,493    |

**Oversight** assumes the tax revenue projections provided by BAP are an indirect result of expanding MO HealthNet services and, therefore, will not present these revenues in the fiscal impact segment of the fiscal note.

ASSUMPTION (continued)

Officials from the **Department of Corrections (DOC)** state the penalty provisions for violations, the component of the bill to have a potential fiscal impact for DOC, is for up to a class A misdemeanor. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through incarceration (FY 13 average of \$18.014 per offender, per day, or an annual cost of \$6,575 per inmate) or through supervision provided by the Board of Probation and Prolongation (FY 13 average of \$5.07 per offender, per day, or an annual cost of \$1,851 per offender).

The DOC assumes supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of 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 Secretary of State's office 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 this is a small amount and does not expect that additional funding would be required to meet these costs. However, it is also recognized 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 within its 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 **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 **Office of State Courts Administrator**, the **Department of Insurance**, **Financial Institutions and Professional Registration**, the **Department of Revenue**, and the **OA - Division of Purchasing and Materials Management** each assume the proposal would not fiscally impact their respective agencies.

ASSUMPTION (continued)

Officials from the following **schools**: Blue Springs Public Schools, Branson Public Schools, Carondelet Leadership Academy, Charleston R-I Schools, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Francis Howell Public Schools, Fulton Public School, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Malden R-I Schools, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools and Warren County R-III School District did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u>                                   | FY 2015<br>(10 Mo.) | FY 2016                          | FY 2017                          |
|---|---------------------|----------------------------------|----------------------------------|
| <b>GENERAL REVENUE FUND</b>   |                     |                                  |                                  |
| <u>Savings - DSS (§208.151.2(1) and (2))</u>                              |                     |                                  |                                  |
| Reduction in breast and cervical cancer expenditures                      | \$0                 | Less than<br>\$66,794            | Less than<br>\$69,600            |
| Reduction in pregnant women expenditures                                  | \$0                 | \$2,347,819                      | \$2,446,427                      |
| <u>Savings - DSS-MHD (§208.998)</u>                                       |                     |                                  |                                  |
| Program savings for statewide managed care implementation - current rates | <u>\$2,730,633</u>  | <u>\$5,575,953</u>               | <u>\$5,810,142</u>               |
| Total <u>All Savings</u>  | <u>\$2,730,633</u>  | <u>Less than<br/>\$7,990,566</u> | <u>Less than<br/>\$8,326,169</u> |

| <u>FISCAL IMPACT - State Government</u>                        | FY 2015<br>(10 Mo.)                     | FY 2016                                | FY 2017                                |
|--|---|--|--|
| <b>GENERAL REVENUE FUND (cont.)</b>                            |   |  |  |
| <u>Costs - DSS-MHD (§208.010.2(4))</u>                         |   |  |  |
| Increase in program costs due to<br>increase in asset limits   | (\$30,540,644)                          | (\$38,188,021)                         | (\$39,791,918)                         |
| <u>Costs - DHSS (§208.010.2(4))</u>                            |   |  |  |
| Personal service   | (\$27,840)                              | (\$33,742)                             | (\$34,080)                             |
| Fringe benefits  | (\$14,200)                              | (\$17,210)                             | (\$17,382)                             |
| Equipment and expense  | <u>(\$13,876)</u>                       | <u>(\$9,960)</u>                       | <u>(\$10,206)</u>                      |
| Total <u>Costs</u> - DHSS                                      | <u>(\$55,916)</u>                       | <u>(\$60,912)</u>                      | <u>(\$61,668)</u>                      |
| FTE Change - DHSS  | 1 FTE                                   | 1 FTE                                  | 1 FTE                                  |
| <u>Costs - DSS-DYS (§208.186)</u>                              |   |  |  |
| Increase in substance abuse assessments                        | (Unknown)                               | (Unknown)                              | (Unknown)                              |
| <u>Costs - DSS-CD (§208.186)</u>                               |   |  |  |
| Increase in substance abuse assessments                        | (Unknown)                               | (Unknown)                              | (Unknown)                              |
| <u>Cost - DSS-MHD (§208.661)</u>                               |   |  |  |
| Grant expenditures   | \$0                                     | \$0 to<br>(Unknown)                    | \$0 to<br>(Unknown)                    |
| <u>Costs - DSS-MHD (§208.662)</u>                              |   |  |  |
| Show-Me Healthy Babies Program                                 | \$0 to (Could<br>exceed<br>\$2,965,634) | \$0 to<br>(\$3,626,399)                | \$0 to<br>(\$3,730,984)                |
| <u>Costs - OA (§208.662)</u>                                   |   |  |  |
| A2A program changes  | (Unknown) to<br>Unknown                 | (Unknown) to<br>Unknown                | (Unknown) to<br>Unknown                |
| <u>Costs - DSS-MHD (§208.998)</u>                              |   |  |  |
| Increase in program costs - commercial<br>rates and incentives | (\$13,283,468)                          | (\$27,363,944)                         | (\$28,184,862)                         |
| High deductible health plans                                   | <u>(Unknown) to<br/>Unknown</u>         | <u>(Unknown) to<br/>Unknown</u>        | <u>(Unknown) to<br/>Unknown</u>        |
| Total <u>Costs</u> - DSS-MHD                                   | <u>(Could exceed<br/>\$13,283,468)</u>  | <u>(Could exceed<br/>\$27,363,944)</u> | <u>(Could exceed<br/>\$28,184,862)</u> |

| <u>FISCAL IMPACT - State Government</u>   | FY 2015<br>(10 Mo.)                    | FY 2016                                | FY 2017                                |
|---|--|--|--|
| <b>GENERAL REVENUE FUND (cont.)</b>       |  |  |  |
| <u>Costs - DSS-MHD (\$208.998)</u>        |  |  |  |
| Personal service costs                    | (\$125,404)                            | (\$152,051)                            | (\$153,572)                            |
| Fringe benefits                           | (\$63,963)                             | (\$77,554)                             | (\$78,329)                             |
| Equipment and expense                     | (\$48,683)                             | (\$16,773)                             | (\$17,192)                             |
| Packets, Actuarial and MMIS               | <u>(Could exceed<br/>\$439,500)</u>    | <u>(\$114,500)</u>                     | <u>(\$114,500)</u>                     |
| Total <u>Costs</u> - DSS-MHD              | <u>(Could exceed<br/>\$677,550)</u>    | <u>(\$360,878)</u>                     | <u>(\$363,593)</u>                     |
| FTE Change - DSS-MHD                      | 4 FTE                                  | 4 FTE                                  | 4 FTE                                  |
| <u>Costs - DSS-MHD (\$208.1500)</u>       |  |  |  |
| Personal service                          | (\$17,083)                             | (\$20,713)                             | (\$20,920)                             |
| Fringe benefits                           | (\$8,713)                              | (\$10,565)                             | (\$10,670)                             |
| Equipment and expense                     | <u>(\$55,491)</u>                      | <u>(\$39,001)</u>                      | <u>(\$39,055)</u>                      |
| Total <u>Costs</u> - DSS-MHD              | <u>(\$81,287)</u>                      | <u>(\$70,279)</u>                      | <u>(\$70,645)</u>                      |
| FTE Change - DSS-MHD                      | 0.5 FTE                                | 0.5 FTE                                | 0.5 FTE                                |
| <u>Costs - DSS (\$208.1503)</u>           |  |  |  |
| CCO feasibility study                     | (\$375,000)                            | \$0                                    | \$0                                    |
| <u>Costs - OA-ITSD/DSS</u>                |  |  |  |
| System programming costs                  | <u>(Greater than<br/>\$12,445)</u>     | <u>(Greater than<br/>\$2,338)</u>      | <u>(Greater than<br/>\$2,338)</u>      |
| Total All <u>Costs</u>                    | <u>(Could exceed<br/>\$47,991,944)</u> | <u>(Could exceed<br/>\$69,627,771)</u> | <u>(Could exceed<br/>\$72,206,008)</u> |
| <u>Indeterminate Impact - DHSS</u>        |  |  |  |
| Various programs (§208.151)               | (Unknown) to<br>Unknown                | (Unknown) to<br>Unknown                | (Unknown) to<br>Unknown                |
| HCY and MFAW programs (§208.997)          | <u>(Unknown) to<br/>Unknown</u>        | <u>(Unknown) to<br/>Unknown</u>        | <u>(Unknown) to<br/>Unknown</u>        |
| Total <u>Indeterminate Impact</u> - DHSS* | <u>(Unknown) to<br/>Unknown*</u>       | <u>(Unknown) to<br/>Unknown*</u>       | <u>(Unknown) to<br/>Unknown*</u>       |

\* Excluded from estimated net effect on the General Revenue Fund

| <u>FISCAL IMPACT - State Government</u>   | FY 2015<br>(10 Mo.)                            | FY 2016  | FY 2017  |
|---|--|--|--|
| <b>GENERAL REVENUE FUND (cont.)</b>   |  |  |  |
| <u>Transfer-out</u> from General Revenue to<br>Joint Contingency Fund (§208.952)  |  |  |  |
| Transfer for expenses associated with<br>the Joint Committee on MO HealthNet  | <u>(Less than<br/>\$265,000)</u>               | <u>(Less than<br/>\$265,000)</u>               | <u>(Less than<br/>\$265,000)</u>               |
| <b>ESTIMATED NET IMPACT ON THE<br/>GENERAL REVENUE FUND</b>   | <b><u>(Could exceed<br/>\$45,261,311)*</u></b> | <b><u>(Could exceed<br/>\$61,637,205)*</u></b> | <b><u>(Could exceed<br/>\$63,879,839)*</u></b> |
| Estimated Net FTE Change on the<br>General Revenue Fund   | 5.5 FTE  | 5.5 FTE  | 5.5 FTE  |
| <b>* Indeterminate impact on DHSS<br/>programs excluded from total<br/>estimated net effect on the General<br/>Revenue Fund</b> |  |  |  |
| <b>JOINT CONTINGENCY FUND</b>   |  |  |  |
| <u>Transfer-in</u> from General Revenue Fund  |  |  |  |
| Transfer-in to cover expenses of the<br>Joint Committee on MO HealthNet<br>(§208.952)   | Less than<br>\$265,000                         | Less than<br>\$265,000                         | Less than<br>\$265,000                         |
| <u>Costs</u> - Joint Committee on MO<br>HealthNet   |  |  |  |
| Expenses related to monitoring and<br>reviewing information related to the MO<br>HealthNet program(§208.952)                    | <u>(Less than<br/>\$265,000)</u>               | <u>(Less than<br/>\$265,000)</u>               | <u>(Less than<br/>\$265,000)</u>               |
| <b>ESTIMATED NET EFFECT ON THE<br/>JOINT CONTINGENCY FUND</b>   | <b><u>\$0</u></b>                              | <b><u>\$0</u></b>                              | <b><u>\$0</u></b>                              |

| <u>FISCAL IMPACT - State Government</u>                                   | FY 2015<br>(10 Mo.)          | FY 2016  | FY 2017  |
|---|------------------------------|--|--|
| <b>VARIOUS OTHER STATE FUNDS</b>  |                              |  |  |
| <u>Savings - DSS (§208.151.2(1) and (2))</u>                              |                              |  |  |
| Reduction in breast and cervical cancer expenditures                      | \$0                          | Less than<br>\$44,530  | Less than<br>\$46,400  |
| Reduction in pregnant women expenditures                                  | \$0                          | \$1,565,213  | \$1,630,952  |
| <u>Savings - DSS-MHD (§208.998)</u>                                       |                              |  |  |
| Program savings for statewide managed care implementation - current rates | <u>\$1,742,839</u>           | <u>\$3,558,876</u>   | <u>\$3,708,350</u>   |
| Total All <u>Savings</u>  | <u>\$1,742,839</u>           | <u>\$5,124,089 to</u><br><u>\$5,168,619</u>                                      | <u>\$5,339,302 to</u><br><u>\$5,385,702</u>                                      |
| <u>Costs - DSS-MHD (§208.010.2(4))</u>                                    |                              |  |  |
| Increase in program costs resulting from an increase in asset limits      | <u>(\$15,733,059)</u>        | <u>(\$19,672,617)</u>  | <u>(\$20,498,867)</u>  |
| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS (various)</b>                | <b><u>(\$13,990,220)</u></b> | <b><u>(\$14,503,998)</u></b><br><b><u>to</u></b><br><b><u>(\$14,547,528)</u></b> | <b><u>(\$15,113,165)</u></b><br><b><u>to</u></b><br><b><u>(\$15,159,565)</u></b> |
| <b>FEDERAL FUNDS</b>  |                              |  |  |
| <u>Income - DSS-MHD (§208.010.2(4))</u>                                   |                              |  |  |
| Increase in program reimbursements due to increasing asset limits         | \$79,112,296                 | \$98,922,015   | \$103,076,740  |
| <u>Income - DHSS (§208.010.2(4))</u>                                      |                              |  |  |
| Program reimbursements  | \$55,916                     | \$60,912   | \$61,669   |
| <u>Income - DSS-DYS (§208.186)</u>  |                              |  |  |
| Increase in substance abuse assessment reimbursements                     | Unknown                      | Unknown  | Unknown  |

| <u>FISCAL IMPACT - State Government</u>                               | FY 2015<br>(10 Mo.)               | FY 2016                           | FY 2017                           |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| <b>FEDERAL FUNDS (cont.)</b>  |                                   |                                   |                                   |
| <u>Income - DSS-CD (\$208.186)</u>                                    |                                   |                                   |                                   |
| Increase in substance abuse assessment reimbursements                 | Unknown                           | Unknown                           | Unknown                           |
| <u>Income - DSS-MHD (\$208.661)</u>                                   |                                   |                                   |                                   |
| Increase in program reimbursements                                    | \$0                               | \$0 to Unknown                    | \$0 to Unknown                    |
| <u>Income - DSS-MHD (\$208.662)</u>                                   |                                   |                                   |                                   |
| Program expenditure reimbursements for Show-Me Healthy Babies Program | \$0 to Could exceed \$8,431,505   | \$0 to \$10,375,656               | \$0 to \$10,675,970               |
| <u>Income/Savings - DSS-MHD (\$208.998)</u>                           |                                   |                                   |                                   |
| Increase in/reduced savings for high deductible health plans          | (Unknown) to Unknown              | (Unknown) to Unknown              | (Unknown) to Unknown              |
| <u>Income - DSS-MHD (\$208.998)</u>                                   |                                   |                                   |                                   |
| Increase in program reimbursements                                    | Unknown, could exceed \$677,550   | Unknown, could exceed \$360,878   | Unknown, could exceed \$363,593   |
| Increase in program reimbursements for commercial rates               | \$23,742,009                      | \$48,908,539                      | \$50,375,795                      |
| Total <u>Income - DSS-MHD</u>   | <u>Could exceed \$24,419,559</u>  | <u>Could exceed \$49,269,417</u>  | <u>Could exceed \$50,739,388</u>  |
| <u>Income - DSS-MHD (\$208.1500)</u>                                  |                                   |                                   |                                   |
| Increase in program reimbursements                                    | Greater than \$107,477            | Greater than \$96,469             | Greater than \$96,836             |
| <u>Income - DSS (\$208.1503)</u>                                      |                                   |                                   |                                   |
| Program reimbursements  | \$375,000                         | \$0                               | \$0                               |
| <u>Income - OA-ITSD/DSS</u>   |                                   |                                   |                                   |
| Increase in program reimbursements                                    | <u>Greater than \$26,525</u>      | <u>Greater than \$21,038</u>      | <u>Greater than \$21,038</u>      |
| Total <u>All Income</u>   | <u>Could exceed \$112,528,278</u> | <u>Could exceed \$158,745,507</u> | <u>Could exceed \$164,671,641</u> |

| <u>FISCAL IMPACT - State Government</u>                                   | FY 2015<br>(10 Mo.)             | FY 2016                                  | FY 2017                                  |
|---|---------------------------------|--|--|
| <b>FEDERAL FUNDS (cont.)</b>  |                                 |  |  |
| <u>Savings - DSS (§208.151.2(1) and (2))</u>                              |                                 |  |  |
| Reduction in breast and cervical cancer expenditures                      | \$0                             | Less than<br>\$319,664                   | Less than<br>\$333,090                   |
| Reduction in pregnant women expenditures                                  | <u>\$0</u>                      | <u>\$6,689,953</u>                       | <u>\$6,970,931</u>                       |
| Total <u>Savings - DSS</u>  | <u>\$0</u>                      | <u>\$6,689,953 to<br/>\$7,009,617</u>    | <u>\$6,970,931 to<br/>\$7,304,021</u>    |
| <u>Savings - DSS-MHD (§208.998)</u>                                       |                                 |  |  |
| Program savings for statewide managed care implementation - current rates | \$7,815,605                     | \$15,959,466                             | \$16,629,764                             |
| Total <u>All Savings*</u>   | <u>\$7,815,605*</u>             | <u>\$22,649,419 to<br/>\$22,969,083*</u> | <u>\$23,600,965 to<br/>\$23,933,785*</u> |
| <b>* Excludes indeterminate DHSS program savings</b>                      |                                 |  |  |
| <u>Savings - DHSS (Indeterminate)</u>                                     |                                 |  |  |
| Reduction in various program expenditures (§208.151)                      | (Unknown) to<br>Unknown         | (Unknown) to<br>Unknown                  | (Unknown) to<br>Unknown                  |
| Reduction in HCY and MFAW program expenditures (§208.997)                 | <u>(Unknown) to<br/>Unknown</u> | <u>(Unknown) to<br/>Unknown</u>          | <u>(Unknown) to<br/>Unknown</u>          |
| Total <u>Savings - DHSS (Indeterminate)</u>                               | <u>(Unknown) to<br/>Unknown</u> | <u>(Unknown) to<br/>Unknown</u>          | <u>(Unknown) to<br/>Unknown</u>          |

| <u>FISCAL IMPACT - State Government</u>                             | FY 2015<br>(10 Mo.)                  | FY 2016                  | FY 2017                  |
|---|--------------------------------------|--------------------------|--------------------------|
| <b>FEDERAL FUNDS (cont.)</b>  |                                      |                          |                          |
| <u>Costs - DSS-MHD (§208.010.2(4))</u>                              |                                      |                          |                          |
| Increase in program expenditures due to increasing asset limits     | (\$79,112,296)                       | (\$98,922,015)           | (\$103,076,740)          |
| <u>Costs - DHSS (§208.010.2(4))</u>                                 |                                      |                          |                          |
| Personal service  | (\$27,840)                           | (\$33,742)               | (\$34,080)               |
| Fringe benefits   | (\$14,200)                           | (\$17,210)               | (\$17,383)               |
| Equipment and expense   | <u>(\$13,876)</u>                    | <u>(\$9,960)</u>         | <u>(\$10,206)</u>        |
| Total <u>Costs - DHSS</u>   | <u>(\$55,916)</u>                    | <u>(\$60,912)</u>        | <u>(\$61,669)</u>        |
| FTE Change - DHSS   | 1 FTE                                | 1 FTE                    | 1 FTE                    |
| <u>Costs - DSS-DYS (§208.186)</u>                                   |                                      |                          |                          |
| Increase in substance abuse assessment expenditures                 | (Unknown)                            | (Unknown)                | (Unknown)                |
| <u>Costs - DSS-CD (§208.186)</u>                                    |                                      |                          |                          |
| Increase in substance abuse assessment expenditures                 | (Unknown)                            | (Unknown)                | (Unknown)                |
| <u>Costs - DSS-MHD (§208.661)</u>                                   |                                      |                          |                          |
| Increase in program expenditures                                    | \$0                                  | \$0 to<br>(Unknown)      | \$0 to<br>(Unknown)      |
| <u>Costs - DSS-MHD (§208.662)</u>                                   |                                      |                          |                          |
| Program expenditures Show-Me Healthy Babies                         | \$0 to (Could exceed<br>\$8,431,505) | \$0 or<br>(\$10,375,656) | \$0 or<br>(\$10,675,970) |
| <u>Costs/Loss - DSS-MHD (§208.998)</u>                              |                                      |                          |                          |
| Increased/decreased reimbursements for high deductible health plans | (Unknown) to<br>Unknown              | (Unknown) to<br>Unknown  | (Unknown) to<br>Unknown  |
| <u>Costs - DSS-MHD (§208.998)</u>                                   |                                      |                          |                          |
| Increase in program expenditures for commercial rates               | (\$23,742,009)                       | (\$48,908,539)           | (\$50,375,795)           |

| <u>FISCAL IMPACT - State Government</u> | FY 2015<br>(10 Mo.)                     | FY 2016                                 | FY 2017                                 |
|---|---|---|---|
| <b>FEDERAL FUNDS (cont.)</b>            |   |   |   |
| <u>Costs - DSS-MHD (\$208.998)</u>      |   |   |   |
| Personal service costs                  | (\$125,404)                             | (\$152,051)                             | (\$153,572)                             |
| Fringe benefits                         | (\$63,963)                              | (\$77,554)                              | (\$78,329)                              |
| Equipment and expense                   | (\$48,683)                              | (\$16,773)                              | (\$17,192)                              |
| Packets, Actuarial and MMIS             | <u>(Could exceed<br/>\$439,500)</u>     | <u>(\$114,500)</u>                      | <u>(\$114,500)</u>                      |
| Total <u>Costs</u> - DSS-MHD            | <u>(Could exceed<br/>\$677,550)</u>     | <u>(\$360,878)</u>                      | <u>(\$363,593)</u>                      |
| FTE Change - DSS-MHD                    | 4 FTE                                   | 4 FTE                                   | 4 FTE                                   |
| <u>Costs - DSS-MHD (\$208.1500)</u>     |   |   |   |
| Personal service                        | (\$17,083)                              | (\$20,713)                              | (\$20,920)                              |
| Fringe benefits                         | (\$8,713)                               | (\$10,565)                              | (\$10,670)                              |
| Equipment and expense                   | <u>(Greater than<br/>\$81,681)</u>      | <u>(Greater than<br/>\$65,191)</u>      | <u>(Greater than<br/>\$65,246)</u>      |
| Total <u>Costs</u> - DSS-MHD            | <u>(Greater than<br/>\$107,477)</u>     | <u>(Greater than<br/>\$96,469)</u>      | <u>(Greater than<br/>\$96,836)</u>      |
| FTE Change - DSS-MHD                    | 0.5 FTE                                 | 0.5 FTE                                 | 0.5 FTE                                 |
| <u>Costs - DSS (\$208.1503)</u>         |   |   |   |
| Increase in program expenditures        | (\$375,000)                             | \$0                                     | \$0                                     |
| <u>Costs - OA-ITSD/DSS</u>              |   |   |   |
| Increase in program expenditures        | <u>(More than<br/>\$26,525)</u>         | <u>(More than<br/>\$21,038)</u>         | <u>(More than<br/>\$21,038)</u>         |
| Total <u>All</u> Costs                  | <u>(Could exceed<br/>\$112,528,278)</u> | <u>(Could exceed<br/>\$158,745,507)</u> | <u>(Could exceed<br/>\$164,671,641)</u> |

| <u>FISCAL IMPACT - State Government</u>  | FY 2015                     | FY 2016                                | FY 2017                                |
|--|-----------------------------|--|--|
|  | (10 Mo.)                    |  |  |
| <b>FEDERAL FUNDS (cont.)</b>   |                             |  |  |
| <u>Loss - DSS (§208.151.2(1) and (2))</u>  |                             |  |  |
| Reduction in breast and cervical cancer expenditures reimbursed                              | \$0                         | (Less than \$319,664)                  | (Less than \$333,090)                  |
| Reduction in pregnant women expenditures reimbursed  | <u>\$0</u>                  | <u>(\$6,689,953)</u>                   | <u>(\$6,970,931)</u>                   |
| Total <u>Loss - DSS</u>  | <u>\$0</u>                  | <u>(\$6,689,953 to \$7,009,617)</u>    | <u>(\$6,970,931 to \$7,304,021)</u>    |
| <u>Loss - DSS-MHD (§208.998)</u>   |                             |  |  |
| Reduction in program reimbursement for statewide managed care implementation - current rates | <u>(\$7,815,605)</u>        | <u>(\$15,959,466)</u>                  | <u>(\$16,629,764)</u>                  |
| Total <u>All Loss*</u>   | <u>(\$7,815,605)*</u>       | <u>(\$22,649,419 to \$22,969,083)*</u> | <u>(\$23,600,965 to \$23,933,785)*</u> |
| <b>* Excludes indeterminate DHSS program losses</b>  |                             |  |  |
| <u>Loss - DHSS (Indeterminate)</u>   |                             |  |  |
| Reduction in various program reimbursements (§208.151)                                       | (Unknown) to Unknown        | (Unknown) to Unknown                   | (Unknown) to Unknown                   |
| Reduction in HCY and MFAW program reimbursements (§208.997)                                  | <u>(Unknown) to Unknown</u> | <u>(Unknown) to Unknown</u>            | <u>(Unknown) to Unknown</u>            |
| Total <u>Loss - DHSS (Indeterminate)</u>   | <u>(Unknown) to Unknown</u> | <u>(Unknown) to Unknown</u>            | <u>(Unknown) to Unknown</u>            |
| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>   |                             |  |  |
|  | <b><u>\$0</u></b>           | <b><u>\$0</u></b>                      | <b><u>\$0</u></b>                      |
| Estimated Net FTE Effect on Federal Funds  | 5.5 FTE                     | 5.5 FTE                                | 5.5 FTE                                |

| <u>FISCAL IMPACT - Local Government</u> | FY 2015<br>(10 Mo.) | FY 2016    | FY 2017    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

This proposal would be expected to have a fiscal impact on small business health care providers.

FISCAL DESCRIPTION

This proposal modifies provisions relating to MO HealthNet.

ASSET LIMITS INCREASE FOR MEDICAID (Section 208.010)

This proposal modifies the amount of cash, securities or other total non-exempt assets an aged or disabled participant is allowed to retain in order to qualify for MO HealthNet benefits from less than \$1,000 to \$2,000 for a single person and from \$2,000 to \$4,000 for a married couple.

CHANGES TO WOMEN AND CHILDREN UNDER MO HEALTHNET (Section 208.151.2)

This proposal specifies that beginning July 1, 2015, the eligibility level for MO HealthNet benefits shall be modified under specified circumstances enumerated in the act for participants diagnosed with breast or cervical cancer, pregnant women, and infants under one year of age. The proposal specifies the lower or change in eligibility levels and conditions required for continued coverage under MO HealthNet such as if the person does not have access to employer-sponsored health insurance coverage, premium tax credits or subsidized insurance coverage through an exchange.

Such lowering of eligibility levels shall not occur unless and until: (a) There are federal health insurance premium tax credits available to persons through the purchase of a health insurance plan in a health care exchange, whether federally facilitated, state-based, or operated on a partnership basis. The Director of the Department of Revenue must certify to the Director of the Department of Social Services that health insurance premium tax credits are available, and the Director of the Department of Social Services must notify the Revisor of Statutes; and (b) The federal Department of Health and Human Services grants any necessary waivers and state plan amendments to implement these provisions, federal funding is received for the premium subsidies to be paid, and notice has been provided to the Revisor of Statutes.

FISCAL DESCRIPTION (continued)

ASSESSMENTS FOR DRUG AND ALCOHOL TREATMENT AND JUVENILE COURT SERVICES (Section 208.186.)

Assessments for drug and alcohol treatment shall be made to MO HealthNet participants when drugs or alcohol were contributing factors to any crimes or to any child abuse and neglect allegations. Recommendations of the treatment provider may be used by the court in sentencing or rendering a disposition.

CHILDREN'S HEALTH INSURANCE PROGRAM (Section 208.631)

Beginning October 1, 2019, a child eligible for the current Children's Health Insurance Plan (CHIP) shall only remain eligible if, in addition to other requirements, his or her parents do not have access to health insurance coverage for the child through their employment or through a health insurance plan in a health care exchange because the parents are not eligible for a premium subsidy for the child or family through the exchange.

This change cannot go into effect unless and until federal health insurance premium tax credits are available for children and family coverage to purchase a health insurance plan from a health care exchange and the credits are available for six months prior to the discontinuation of CHIP benefits.

HEALTH CARE ACCESS IN LOW-INCOME PUBLIC SCHOOLS (Section 208.661)

The Department shall develop incentive programs, submit state plan amendments, and apply for necessary waivers to permit rural health clinics, federally-qualified health centers, or other primary care practices to co-locate on the property of public elementary and secondary schools with 50% or more students who are eligible for free or reduced-price lunch. The proposal details the prohibitions on such clinics as well as the parental consent required.

SHOW-ME HEALTHY BABIES PROGRAM (Section 208.662)

This proposal establishes the Show-Me Healthy Babies Program within the Department of Social Services as a separate children's health insurance program for any low-income unborn child. For an unborn child to be eligible for enrollment in the program, the mother of the child must not be eligible for coverage under the Medicaid Program as administered by the state and must not have access to affordable employer-subsidized health care insurance or other affordable health care coverage that includes coverage for the unborn child. The unborn child must be in a family with income eligibility of no more than 300% of the federal poverty level or the equivalent modified adjusted gross income unless the income eligibility is set lower by the General Assembly through appropriations. The act delineates all of the parameters of the program.

FISCAL DESCRIPTION (continued)

JOINT COMMITTEE ON MO HEALTHNET (Section 208.952)

This proposal amends the Joint Committee on MO HealthNet to have as its purpose of study the efficacy of the program as well as the resources needed to continue and improve the MO HealthNet program over time. The committee shall receive and obtain information from the departments of Social Services, Mental Health, Health and Senior Services and Elementary and Secondary Education as applicable, regarding the projected budget of the entire MO HealthNet program including projected MO HealthNet enrollment growth, categorized by population and geographic area.

The committee shall meet at least twice a year. The committee is authorized to hire an employee or enter into employment contracts. The compensation of such personnel and the expenses of the committee shall be paid from the joint contingent fund or jointly from the senate and house contingent funds until an appropriation is made. The committee may also hire or contract for an executive director to conduct investigations to fulfill the duties of the committee.

CURRENT MANAGED CARE POPULATION EXTENDED STATEWIDE (208.998)

The Department of Social Services shall seek a state plan amendment to extend the current MO HealthNet managed care program statewide no earlier than January 1, 2015, and no later than July 1, 2015, for all eligibility groups currently enrolled in a managed care plan as of January 1, 2014. Such eligibility groups shall receive covered services through health plans offered by managed care entities which are authorized by the Department.

The health plans must resemble commercially available health plans while complying with federal Medicaid Program requirements as authorized by federal law or through a federal waiver. The plans must include cost sharing for out-patient services to the maximum extent allowed by federal law and may include other co-payments and provide incentives that encourage and reward the prudent use of the health benefit provided. In addition, the plans must encourage access to care through provider rates that include pay-for-performance and are comparable to commercial rates.

The managed care health plans shall also require all MO HealthNet managed care plans to provide coverage for ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance abuse treatment, including behavioral health treatment; prescription drugs; habilitative services and devices; laboratory services; preventive and wellness care, and chronic disease management; pediatric services, including oral and vision care; case management; and preventive services and any other services required by federal law.

### FISCAL DESCRIPTION (continued)

The health plans shall also provide a high-deductible health plan option. Such high deductible health plan must include coverage for benefits as specified by Department rule after meeting a \$1,000 deductible; an account, funded by the Department, of at least \$1,000 per adult to pay the medical costs for the initial deductible; preventive care, as defined by Department rule, that is not subject to the deductible and does not require a payment of money from the account.

The managed care health plans shall also offer all participants with chronic conditions, as specified by the Department, an option to be included in an incentive program for MO HealthNet participants who obtain specified primary care and preventive services and who participate or refrain from specified activities to improve the participant's overall health.

A MO HealthNet participant is eligible to participate in only one of either the high deductible health plan or the incentive program for chronic conditions.

### MANAGED CARE DATA AND NETWORK ADEQUACY REQUIREMENTS (208.1500)

This proposal requires managed care organizations to provide to the Department of Social Services, and the Department to publicly report, certain information regarding medical loss ratios, total payments to the managed care organization in any form, provider compensation rates, service utilization information, data regarding complaints, grievances and appeals, quality measurements and consumer satisfaction.

### CURRENT FEE-FOR-SERVICE POPULATION MOVED TO COORDINATED CARE ORGANIZATIONS (208.1503 AND 208.950)

Beginning July 1, 2018, participants in the MO HealthNet fee-for-service program as of January 1, 2014, shall begin enrollment in regionally-based or statewide coordinated care organizations except for those participants transitioning to the MO HealthNet managed care program, those residing in skilled nursing facilities, and those with developmental disabilities receiving state plan services or home- and community-based services through a waiver administered by the Department of Mental Health. A "Coordinated care organization" or "CCO" shall mean an organization of health care providers, including health care homes, that agrees to be accountable for the quality, cost, and overall care of a defined group of MO HealthNet participants. The regional CCOs shall be reimbursed through a global payment methodology developed by the department. Participants under a CCO shall be placed in a health care home.

The Department shall also advance the development of systems of care for medically complex children who are recipients of MO HealthNet benefits by accepting cost-effective regional proposals from and contracting with appropriate pediatric care networks, pediatric centers for excellence, and medical homes for children to provide MO HealthNet benefits when the Department determines it is cost effective to do so. Such entities shall be treated as coordinated care organizations.

FISCAL DESCRIPTION (continued)

The proposal requires the Departments of Social Services, Health and Senior Services and Mental Health and the Division of Budget and Planning to jointly conduct a study on the feasibility, practical implications and risks of integrating all of the aged, blind and disabled population, including Medicare and Medicaid dual eligibles, skilled nursing facility, health home, home-and community-based waiver and Department of Mental Health waiver populations into the coordinated care organization model established under this proposal.

HEALTH CARE HOMES (208.997)

By July 1, 2018, the MO HealthNet Division shall implement the Health Care Homes Program as a provider-directed care coordination program for MO HealthNet participants who shall be transitioned from the fee-for-service program to a coordinated care organization. The program must provide payment to primary care clinics for care coordination for individuals deemed medically frail. Clinics must meet certain specified criteria, including the capacity to develop care plans; a dedicated care coordinator; an adequate number of clients, evaluation mechanisms, and quality improvement processes to qualify for reimbursement; and the capability to maintain and use a disease registry.

URGENT CARE CLINICS (208.999)

Subject to appropriations, the Department of Social Services shall develop incentive programs to encourage the construction and operation of urgent care clinics that operate outside normal business hours and are located in or adjoined to emergency room facilities that receive a high proportion of patients who are participating in MO HealthNet to the extent that the incentives are eligible for federal matching funds.

PRIVATE INSURANCE PREMIUM SUBSIDY (208.1506)

Beginning July 1, 2015, any MO HealthNet participant who elects to receive medical coverage through a private health insurance plan instead of through the MO HealthNet program shall be eligible for a private insurance premium subsidy to assist the participant in paying the costs of such private insurance if it is determined to be cost effective by the Department. The subsidy shall be provided on a sliding scale based on income, with a graduated reduction in subsidy over a period of time not to exceed two years.

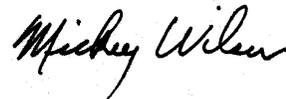
PUBLIC ASSISTANCE RECOVERY (473.398)

This proposal allows for the Department of Social Services to use computerized records as prima facie evidence for the recovery of public assistance funds from a participant's estate.

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

SOURCES OF INFORMATION

Office of State Courts Administrator  
Department of Elementary and Secondary Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Mental Health  
Department of Corrections  
Department of Health and Senior Services  
Department of Revenue  
Department of Social Services  
Joint Commission on Administrative Rules  
Office of Administration -  
    Division of Budget and Planning  
    Commissioner's Office  
    Division of Purchasing and Materials Management  
Missouri Senate  
Office of Secretary of State



Mickey Wilson, CPA  
Director  
March 24, 2014

Ross Strope  
Assistant Director  
March 24, 2014