

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

**L.R. NO.:** 4400-02  
**BILL NO.:** HB 2021  
**SUBJECT:** Elderly; Medicaid; Social Services Department  
**TYPE:** Original  
**DATE:** March 7, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$7,092,128)	(\$9,851,642)	(\$11,018,321)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$7,092,128)</b>	<b>(\$9,851,642)</b>	<b>(\$11,018,321)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Revenue and expenditures of \$14 million annually and net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 9 pages.

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**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Mental Health (DMH)** expect that the impact to DMH would be minimal because it is believed that the majority of DMH current clients are denied Medicaid eligibilty based on the income limits rather than the resource ceiling. However, there is a potential minimal cost savings to DMH if any existing DMH clients become Medicaid eligible through this proposal. Services provided by contracted providers to non-Medicaid eligible clients are paid at 100%. With the increase in resource ceiling some of those clients could become Medicaid eligible and DMH would then be reimbursed by Medicaid for 60% of those charges. If any DMH operated facilities provide covered services to any newly eligible clients there would b a very minimal increase in general revenue. DMH is not able to determine a dollar amount of potentially new revenue or cost savings because DMH does not have any statistics on how many clients are currently not eligible due to the resource ceiling.

**Department of Social Services (DOS)** assume this proposal would change section 208.010, RSMo, by increasing the resource limits for Medicaid from \$1,000 to \$2,500 for a single person and from \$2,000 to \$4,000 for a couple.

**DOS - Division of Family Services**

The **Division of Family Services (DFS)** assumes that 65% of the population would qualify for the single resource maximum and 35% of the total population would qualify for the couple resource maximum as reported by the Health Care Finance Administration (Medicare Current Beneficiary Survey Data Table, 1997, Table 1.2). DFS assumes 11,938 Qualified Medicare Beneficiary (QMB) and 6,829 Specified Low-income Medicare Beneficiary (SLMB) program participants (Data obtained from the 12/99 Monthly Management Report published by Research and Evaluation). DFS assumes 65% of the current QMB and SLMB program participants are living alone. DFS assumes taht 62.5% of this population would be eligible for Medicaid based on the increased resource limits (% of the current resource limit for QMB/SLMB). For this population, the income limits would be two times the SSI maximum therefore this population would be spenddown.

18,767 Active AMB/SLMB cases  
x .65 % living alone  
12,199 Living alone  
x .625 % eligible based on current resource limits  
7,624 # eligible based on resource maximum of \$2,500

ASSUMPTION (continued)

DFS assumes 35% of the current QMB and SLMB program participants are living with a spouse. DFS assumes that 66.7% of this population would be eligible for Medicaid based on the increased resource limits (% of the current resource limit for QMB/SLMB). For this population the income limits would be two times the SSI maximum therefore this population would be spenddown.

18,767 Active QMB/SLMB cases  
x .35 % living with spouse  
6,568 Living with a spouse  
x .667 % eligible based on current resource limits  
4,381 # eligible based on resource maximum of \$4,000

DFS assumes the global Medicare population in Missouri to be 800,000. DFS assumes this group to be the new population from outside of the current welfare rolls to seek Medicaid benefits.

800,000 Medicare population  
520,000 Living alone (65%)  
280,000 Living with a spouse (35%)

DFS assumes that 6.25% of the single Medicare population would be eligible to apply for Medicaid under the new expanded resource limits. DFS further assumes that 5% of this population would apply and be found eligible for Medicaid.

520,000 Medicare population living alone  
x 6.25% % eligible to apply  
32,500  
x 5% % applying and found eligible  
1,625 New cases living alone

DFS assumes that 6.67% of the Medicare population living with a spouse would be eligible to apply for Medicaid under the new expanded resource limits. DFS further assumes that 5% of this population would apply and be found eligible for Medicaid.

2800,000 Medicare population living alone  
x 6.67% % eligible to apply  
18,676  
x 5% % applying and found eligible  
934 New cases living alone

ASSUMPTION (continued)

DFS assumes an average adult Medicaid caseload to be 480 cases. DFS estimates the total populations to include:

7,624	Active QMB/SLMB cases living alone
4,381	Active QMB/SLMB cases living with a spouse
1,625	New cases living alone
<u>934</u>	New cases living with a spouse
<u>14,564</u>	Total cases

DFS estimates the active QMB/SLMB cases that are currently being maintained in a caseload would not require additional staff.

1,625	New cases living alone
<u>934</u>	New cases living with a spouse
<u>2,559</u>	New eligibles

DFS assumes with 2,559 new eligibles that five (5) additional caseworkers would be needed to service the new eligibles (2,559/480). DFS assumes one (1) additional Clerk Typist II to support the additional caseworkers.

Division of Legal Services

**DOS - Division of Legal Services (DLS)** officials state for the proposed asset limits in this proposal DFS has projected that there would be 32,500 “Medicare population living alone” persons nominally eligible to apply under the expanded resource limits and that there would be 18,676 “Medicare population living with a spouse” persons nominally eligible to apply under the expanded resource limits for a total eligible to apply for a total of 51,176 nominally eligible persons. DLS states that DFS has suggested that there would be a 5% application and approval rate for these nominally eligible persons for a total of 2,559 “new cases living alone and living with a spouse.” For purposes of this fiscal note, DLS assumes that of the 51,176 nominally eligible persons, 1% were found not to be eligible and were to request a hearing. There would be 512 hearings per year in the Hearings Unit of DLS. DLS assumes four hours per case for the Hearings Officer to process each appeal from receipt of the request for hearing to final decision. Hearings Officers would expend 2,048 hours on these 512 hearings and would require one (1) additional Hearing Officer (4 hours/case x 512 cases - 2,048 hours/2080 hours/attorney per year = .98 attorney). Assuming two hours per case for the hearing support staff to process each appeal from receipt of the request for hearing to final decision, the hearings support staff would expend 1,024 hours on these 512 hearings and would require .5 FTE. In addition, for the purposes of

ASSUMPTION (continued)

this fiscal note, DLS assumes that of the 512 cases in which persons requested a hearing that 10% or 51 filed an affidavit of appeal to the circuit court. Assuming 40 hours per case for the Litigation Unit of DLS to process each petition for judicial review from the filing of the affidavit of appeal to the circuit court to final judgment from the circuit court, the Litigation Unit would expend 2,040 hours on these 51 petitions for judicial review and would require one (1) attorney and .5 FTE additional support staff.

Division of Medical Services

**DOS - Division of Medical Services (DMS)** states that it projects that 14,564 persons would become Medicaid eligible if the resource limit is increased to \$2,500/\$4,000. The estimate was done by DFS. DMS assumes a twelve month phase-in for the 14,564 new eligibles. DMS projects that group would experience growth at the same rate as the OAA and PTD population (an estimated 5.27% for FY01 - FY01 Budget Request for Case load Growth). This growth rate is used for FY02 and FY03.

DMS states the cost per eligible is a weighted average of the last three months of actual expenditures for the OAA and PTD eligibles. The costs do not include NF and states institutions expenditures. The FY01 cost per eligible is \$733.89, \$763.25 for FY02, and \$793.78 for FY03. The cost was inflated by 4% for FY02 and FY03. DMS assumes the increase in the resource limit would allow individuals to enter the Medicaid program earlier - the individual would not have to spend his resources to become Medicaid eligible. DMS projects the individual would become Medicaid eligible two months sooner if the resource limit is increased. The average cost per eligible per month is \$733.89; the resource limit is increased by \$1,500 ( $1,500/\$733.89 = 2$ ). The new cost associated with the increase limit is two months of Medicaid costs per eligible. The cost per eligible was multiplied by the number of new eligibles for that month to arrive at a cost per month.

Division of Aging

**DOS - Division of Aging (DA)** - Institutional Service officials assume the increase in the number of individuals eligible for Medicaid services would not directly affect the number of surveys, inspections, and complaint investigations required in long-term care facilities. At October 31, 1999, 73% of nursing facility beds certified for Medicaid/Medicare participation were occupied. However, if the number of individuals in future years resulted in new facilities being certified for Medicaid/Medicare participation, then DA would need to request additional staff for inspection, survey, and complaint investigations based on the increase in the number of providers.

ASSUMPTION (continued)

DA - Home and Community Services officials state the expansion of Medicaid eligible recipients is anticipated to increase the number of Medicaid eligible in-home service recipients. It is reasonable to estimate that the new Medicaid recipients would access in-home services at the same rate as the current population. Based on information provided by DFS, it is projected that 14,564 persons would be eligible under the new resource limit a portion of which would qualify for all Medicaid services experienced in the Older Americans Act (OAA) and Totally Disabled (PTD) population as provided by DMS. This projection includes 7,624 persons living alone and 4,381 cases living with a spouse who are currently eligible as QMB/SLMB recipients. The remaining 1,625 would be new cases living alone and 934 would be new cases living with a spouse. These persons would be expected to come from the general population and could qualify for benefits based on their age or disability.

Home and Community officials state there are 76,308 Medicaid recipients age 65 and over. As of June 30, 1999, DA had authorized in-home services to just over 24,500 Medicaid in-home service recipients age 65 or over. Based on the assumption that the participation for in-home services is 32% (24,567/76,308), DA estimates 4,660 (14,564 x 32%) additional Medicaid recipients would access home care as an alternative to facility placement. Based upon the assumption that these clients would enter the program two months earlier than before, DA estimates 777 (4,660 x 16.6667%) new clients requiring case management the first year. Based upon a growth factor of 5.27%, DA estimates 818 (4,660 x 105.27% x 16.6667%) new clients requiring case management the second year, and 861 (4,660 x 105.27% x 105.27% x 16.6667%) new clients requiring case management the third year. DA would need six (6) additional Social Service Worker (SSW) II positions the first year to case manage the new Medicaid eligibles based on current average caseload size of 125 cases per Social Service Worker ( $777/125 = 6$ ). DA would need seven (7) additional SSW positions the second year ( $818/125 = 7$ ), and seven (7) additional SSW positions the third year ( $861/125 = 7$ ). DA would also need two (2) Home and Community Services Area Supervisor positions based on current supervision levels of one supervisor for every nine SSW and two (2) Clerk Typist II positions to provide clerical support to the Area Supervisors and SSW. DA would add one supervisor and one clerical support staff in the first year and one supervisor and one clerical support staff in the third year.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

Costs - Department of Social Services -  
 Division of Family Services

Personal services (4.02 FTE)	(\$86,709)	(\$106,694)	(\$109,362)
Fringe benefits	(\$26,663)	(\$32,809)	(\$33,629)
Expense and equipment	<u>(\$42,899)</u>	<u>(\$7,924)</u>	<u>(\$8,161)</u>
Total <u>Costs</u> - Division of Family Services	<u>(\$156,271)</u>	<u>(\$147,427)</u>	<u>(\$151,152)</u>

Costs - Division of Social Services -  
 Division of Legal Services

Personal services (1.80 FTE)	(\$46,611)	(\$57,354)	(\$58,788)
Fringe benefits	(\$14,333)	(\$17,636)	(\$18,077)
Expense and equipment	<u>(\$17,261)</u>	<u>(\$13,134)</u>	<u>(\$13,528)</u>
Total <u>Costs</u> - Division of Legal Services	<u>(\$78,204)</u>	<u>(\$88,124)</u>	<u>(\$90,393)</u>

Costs - Department of Social Services -  
 Division of Medical Services

Medical assistance payments	(\$6,633,555)	(\$9,140,748)	(\$10,001,393)
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Costs - Department of Social Services -  
 Division of Aging

Personal services (15.36 FTE)	(\$129,344)	(\$301,992)	(\$493,537)
Fringe benefits	(\$39,773)	(\$92,863)	(\$151,763)
Expense and equipment	<u>(\$54,981)</u>	<u>(\$80,488)</u>	<u>(\$130,083)</u>
Total <u>Costs</u> - Division of Aging	<u>(\$224,098)</u>	<u>(\$475,343)</u>	<u>(\$775,383)</u>

<b>ESTIMATED NET EFFECT ON          GENERAL REVENUE FUND</b>	<b><u>(\$7,092,128)</u></b>	<b><u>(\$9,851,642)</u></b>	<b><u>(\$11,018,321)</u></b>
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**FEDERAL FUNDS**

Income - Department of Social Services

Medicaid reimbursements	\$10,687,830	\$14,759,616	\$16,276,062
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<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Costs - Department of Social Services -</u>			
<u>Division of Family Services</u>			
Personal services (1.98 FTE)	(\$42,707)	(\$52,551)	(\$53,865)
Fringe benefits	(\$13,132)	(\$16,159)	(\$16,563)
Expense and equipment	<u>(\$16,294)</u>	<u>(\$2,601)</u>	<u>(\$2,679)</u>
Total <u>Costs</u> - Division of Family Services	<u>(\$72,134)</u>	<u>(\$71,311)</u>	<u>(\$73,107)</u>
 <u>Costs - Department of Social Services -</u>			
<u>Division of Legal Services</u>			
Personal services (1.20 FTE)	(\$31,074)	(\$38,236)	(\$39,192)
Fringe benefits	(\$9,555)	(\$11,758)	(\$12,052)
Expense and equipment	<u>(\$11,507)</u>	<u>(\$8,756)</u>	<u>(\$9,018)</u>
Total <u>Costs</u> - Division of Legal Services	<u>(\$52,136)</u>	<u>(\$58,749)</u>	<u>(\$60,262)</u>
 <u>Costs - Department of Social Services -</u>			
<u>Division of Medical Services</u>			
Medical assistance payments	(\$10,441,352)	(\$14,367,808)	(\$15,715,642)
 <u>Costs - Department of Social Services -</u>			
<u>Division of Aging</u>			
Personal services (8.64 FTE)	(\$72,755)	(\$169,869)	(\$277,615)
Fringe benefits	(\$22,372)	(\$52,235)	(\$85,367)
Expense and equipment	<u>(\$27,081)</u>	<u>(\$39,644)</u>	<u>(\$64,069)</u>
Total <u>Costs</u> - Division of Aging	<u>(\$122,208)</u>	<u>(\$261,748)</u>	<u>(\$427,051)</u>
 <b>ESTIMATED NET EFFECT ON</b>			
<b>FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

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DESCRIPTION

This proposal would increase the resources limits for public assistance eligibility from \$1,000 to \$2,500 for individuals and from \$2,000 to \$4,000 for married couples.

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

SOURCES OF INFORMATION

Department of Social Services  
Department of Mental Health



Jeanne Jarrett, CPA  
Director  
March 7, 2000