

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0571-01
Bill No.: HB 0074
Subject: Dept. of Social Services; Increases resource limits for public assistance eligibility.
Type: Original
Date: January 26, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$8,183,097 to \$8,439,123)	(\$10,991,372 to \$11,239,310)	(\$11,820,445 to \$12,133,478)
Total Estimated Net Effect on <u>All</u> State Funds	(\$8,183,097 to \$8,843,354)	(\$10,991,372 to \$11,240,279)	(\$11,820,445 to \$12,134,478)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds*	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 11 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health (DMH)** expect that the impact to the DMH will be minimal because it is believed that the majority of DMH current clients are denied Medicaid eligibility 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 ceilings, some of those clients could become Medicaid eligible, and the 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 be a very minimal increase in general revenue. The DMH is not able to determine a dollar amount of potentially new revenue or cost savings because the DMH does not have any statistics on how many clients currently are not eligible due to the resource ceiling.

The **Department of Social Services (DOS)** assumes this proposal would increase the resource limits for those populations receiving Medicaid coverage under Chapter 208 RSMo, with the exception of Temporary Assistance, which is included in this provision. The increases in the resource ceilings would raise the resource maximums for a single individual from \$1,000 to \$2,500 and for a married couple from \$2,000 to \$4,000.

DOS - Division of Family Services

The **Division of Family Services (DFS)** assumes that 65% of the total 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 Tables, 1997, Table 1.2) The DFS assumes 11,882 Qualified Medicare Beneficiary (QMB) cases and 6,860 Specified Low-income Medicare Beneficiary (SLMB) cases (data obtained from the Department of Social Services, FY 2000 Annual Data Report published by Research and Evaluation). The DFS assumes 65% of the current QMB and SLMB program participants are living alone. The DFS further assumes that 62.5% of this population would be eligible for Medicaid based on the increased resource limits (% of the current resource limit for SLMB/QMB). For this population, the income limits are greater than the SSI maximum; therefore, this population would be spenddown.

18,742	Active QMB/SLMB cases
x .65	% living alone
12,182	Living alone
x .625	% eligible based on current resource limits
<u>7,614</u>	# eligible based on resource maximum of \$2,500

ASSUMPTION (continued)

The DFS assumes 35% of the current QMB and SLMB program participants are living with a spouse. The 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 SLMB/QMB). For this population the income limits are greater than the SSI maximum; therefore, this population would be spenddown.

18,742	Active QMB/SLMB cases
<u>x .35</u>	% living with spouse
6,560	Living with a spouse
<u>x .667</u>	% eligible based on current resource limits
<u>4,376</u>	# eligible based on resource maximum of \$4,000

The DFS assumes the global Medicare population in Missouri to be 800,000. The 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%)

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

520,000	Medicare Population Living Alone
<u>x 6.25%</u>	% eligible to apply
32,500	
<u>x 5%</u>	% applying and found eligible
<u>1,625</u>	New cases living alone

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

280,000	Medicare Population Living with a Spouse
<u>x 6.67%</u>	% eligible to apply
18,676	
<u>x 5%</u>	% applying and found eligible
<u>934</u>	New cases living with a spouse

ASSUMPTION (continued)

The DFS assumes an average adult Medicaid caseload to be 300 cases. The DFS estimates the total population to include:

7,614	Active QMB/SLMB cases living alone
4,376	Active QMB/SLMB cases living with a spouse
1,625	New cases living alone
<u>934</u>	New cases living with a spouse
<u>14,549</u>	Total cases

The 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

The DFS assumes with 2,559 new eligibles that 8.53 (9) additional caseworkers would be needed to maintain the new cases (2,559/300). Caseworker duties and responsibilities include taking and processing applications for eligibility, responding and answering both written and telephone requests for information or reported changes, and maintaining all active cases in their caseloads.

The DFS assumes two (2) additional Clerk Typist II will be needed to support the additional caseworkers. Clerk Typist II duties and responsibilities include maintaining reports, typing letters, systems information (input/extraction), filing, accepting incoming phone calls for messages, maintaining stocks of supplies and forms, and other essential duties as support staff.

DOS - Division of Legal Services

The Division of Legal Services (DLS) officials state for the proposed asset limits in this proposal DFS has projected there would be 32,500 persons in the “Medicare population living alone” category who would be eligible to apply under these expanded asset limits and an additional 18,676 persons in the “Medicare populating living with a spouse” category, for a total of 51,176 new persons eligible to apply for Medicaid under the expanded asset limits. The DLS states that the has DFS suggested there would be a 5% application and approval rate. For purposes of this fiscal note, the DLS assumes that of the 51,176 nominally eligible persons, 1% would be found not eligible and would request a hearing to appeal the finding. This would result in 512 new hearings per year in the Hearings Unit of the DLS. The DLS assumes four (4) hours per case for a Hearings Officer to process each appeal, from onset to final decision. Hearings Officers would expend 2,048 hours on these 512 hearings and would require one (1) additional

ASSUMPTION (continued)

Hearing Officer to properly handle the additional workload (4 hours/case x 512 cases = 2,048 hours/2,080 hours per attorney per year = 0.98 new attorneys). The DLS assumes two (2) hours per case for the hearings support staff to process each appeal from onset to final decision. The hearings support staff would expend 1,024 hours on the 512 new cases and would require an additional 0.5 FTE, or one (1) additional support staff to properly process the increased caseload (2 hours per case x 512 cases = 1,024 hours/2,080 hours per staff year = 0.49 support staff). In addition, for purposes of this fiscal note, the DLS assumes that of the 512 cases in which persons requested a hearing to appeal an adverse determination, that 10%, or 51, filed an affidavit to further appeal an adverse decision to the circuit court. The DLS assumes that it would require 40 hours for the Litigation Unit to process each appeal, from onset to final judgment, and the Litigation Unit would expend 2,040 hours on the 51 new petitions for judicial review, thereby requiring one (1) new attorney (40 hours per case x 51 new cases = 2,040 hours/ 2,080 hours per attorney year = 0.98 attorneys) and 0.5 FTE additional support staff (based on a 1:2 ratio of staff to attorneys).

DOS - Division of Medical Services

The Division of Medical Services (DMS) states that it projects that 14,549 persons would become Medicaid eligible if the resource limit is increased to \$2,500/\$4,000. The estimate was done by the DFS. The DMS assumes a twelve month phase-in for the 14,549 new eligibles. The DMS projects the group will experience growth at the same rate as the Old Age Assistance (OAA) and Permanently and Totally Disabled (PTD) population (an estimate of 3.94% for FY 02 - FY 02 Budget Request for Caseload Growth). This growth rate is used for FY 03 and FY 04.

The DMS states the cost per eligible is a weighted average of the last three (3) months of actual expenditures for the OAA and PTD eligibles. The costs do not include NF and state institutions expenditures. The FY 02 cost per eligible is \$862.27, \$896.76 for FY 03, and \$932.63 for FY 04. The cost was inflated by 4% (fiscal note standard for medical care) for FY 03 and FY 04. The cost per eligible includes costs for mental health services (General Revenue appropriated to the Department of Mental Health). The DMS assumes the increase in the resource limit to \$2,500/\$4,000 will allow individuals to enter the Medicaid program earlier - the individual will not have to spend his resources to become Medicaid eligible. The DMS projects the individual will become Medicaid eligible two (2) months sooner if the resource limit is increased (1,500 increase in resource limit/\$826.27 cost per eligible per month = 2 months). The new cost associated with the increase limit is two (2) months of Medicaid per eligible. The cost per eligible was multiplied by the number of new eligibles for that month to arrive at a cost per month.

ASSUMPTION (continued)

The DMS states that more eligibles will result in more claims process which will result in higher payments to the contractor. The DMS projects the additional claims will result in increased payments to the contractor of \$147,000 for FY 02; \$44,481 for FY 03, and \$7,592 for FY 04. The federal match rate of 61.06% for program costs and 75% for claims processing was used.

DOS - Division of Aging (DA)

The Division of Aging, Institutional Services (DAIS) 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 this time. At October 1, 2000, 79.4% of nursing facility beds certified for Medicaid/Medicare participation were occupied. The DAIS stated that if the number of individuals in future years resulted in new facilities being certified for Medicaid/Medicare participation, then the DAIS would need to request additional staff for inspection, survey, and complaint investigations based on the increase in the number of providers.

The DA - Home and Community officials state the expansion of Medicaid eligible recipients is anticipated to increase the number of Medicaid eligible in-home service recipients. The DA believes it is reasonable to estimate that the new Medicaid recipients will access in-home services through DA's Home and Community Services at the same rate as the current population. The DA assumed the increase in the resource limits will allow individuals to enter the Medicaid program approximately two (2) months earlier. Therefore, the number of additional clients requiring case management will be 2/12ths per year or 16.67% of the total. The DA projected the client population will grow at a rate of 3.94% per year based upon the growth experienced in the OAA and PTD population provided by the DMS.

Based on information provided by the DFS, it is projected that 14,549 persons will be eligible under the new resource limit (\$2,500 for an individual and \$4,000 for a couple) a portion of which will qualify for all Medicaid Services (QMB). The DA states this projection includes 7,614 persons living alone and 4,376 cases living with a spouse who are currently eligible as QMB/SLMB recipients. The remaining 1,625 are new cases living alone and 934 are new cases living with a spouse. The DA states these persons are expected to come from the general population and could qualify for benefits based on their age or disability.

The DOS - Research and Evaluation Unit estimates that in FY 02 the DA will serve 71,328 clients, or 39.13% of the 182,054 Medicaid eligibles and approximately 29.12% of these are projected to be in-home services clients. Based on the 29.12% participation for in-home services, the division estimates 4,237 (14,549 x 29.12%) additional Medicaid recipients will access home care as an alternative to facility placement.

ASSUMPTION (continued)

Based upon the assumption that these clients will enter the program two (2) months earlier than before, the DA estimates 706 ($4,237 \times 16.6667\%$) clients requiring case management the first year. Based upon a growth factor of 3.94%, the DA estimates 734 ($4,237 \times 103.94\% \times 16.6667\%$) clients requiring case management the second year and 763 ($4,237 \times 103.94 \times 103.94 \times 16.6667\%$) clients requiring case management the third year. The DA will need nine (9) additional Social Service Worker II (SSW) positions the first year to case manage the new Medicaid eligibles based on the current average caseload size of 80 cases per SSW ($706 / 80 = 8.825$). The DA officials state the division will need nine (9) SSW positions the second year ($734 / 80 = 9.175$) and ten (10) SSW positions or one (1) additional worker the third year ($763 / 80 = 9.5375$). The division will also need one (1) Home and Community Services Area Supervisor position based on current supervision levels of one supervisor for every nine SSWs and one (1) Clerk Typist II position to provide clerical support to the Area Supervisors and the SSWs. The DA officials stated they will add the supervisor and clerical support staff in the first year.

The DA officials state the Social Service Worker IIs will be placed in the following counties/locations:

Year 1 (9 workers)

1	Christian	1	Cape Girardeau	1	Carter	1	Chariton
1	Pettis	1	Buchanan	1	Camden	1	Franklin
1	Jefferson						

Year 3 (10 workers) (1 additional worker)

1 Scotland

The Area Supervisor position and the Clerk Typist II position will be placed in Christian County.

The DA officials state that Social Service Worker II duties include being responsible for the investigation of hotlines, pre-long-term screenings, the eligibility determination and authorization of state-funded in-home services. Home and Community Services Area Supervisor duties include supervising Social Service Workers responsible for the investigation of hotlines, pre-long-term care screenings, the eligibility determination and authorization of state-funded in-home services; provide oversight and accountability for the performance of the SSWs including case review, evaluation and guidance; act as the first point of contact for complaint resolution when clients are dissatisfied with services or staff performance. The Clerk Typist II duties include providing the necessary clerical support to the Area Supervisors, SSWs, and the activities of the unit.

ASSUMPTION (continued)

The DA officials state that based on previous experience, the following amounts represent the average annual expense of an FTE:

- Rent (Statewide Average) - \$2,700 per FTE (\$13.50 per sq. ft. x 200 sq. ft.)
- Utilities - \$320 per FTE (\$1.60 per sq. ft. x 200 sq. ft.)
- Janitorial/Trash - \$200 per FTE (\$1.00 per sq. ft. x 200 sq. ft.)
- Other Expenses - \$3,906 per FTE (includes travel, office supplies, professional development, telephone charges, postage and all other expenses not itemized above.)

In addition to the above standard costs, the DA officials state systems furniture for the new staff in Pettis and Buchanan counties will be needed at a cost of \$4,500 per FTE and desktop PCs will be needed for all new staff at a cost of \$2,099 per FTE. FY 02 costs are based on the ten (10) month period September 1, 2001 through June 30, 2002. FY 03 and FY 04 costs include a 3.0% inflation adjustment for expenses and equipment and a 2.5% inflation adjustment for personal services.

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

However, Oversight assumes the DOS would implement the provisions of the proposed legislation based on the current caseloads used by the DFS and DA. This would require 5 Social Service Worker II positions and 1 Clerk Typist II for the DFS and 5 IM Caseworkers, 1 HCS Area Supervisor, and 1 Clerk Typist II for the DA and related expense and equipment. As a result, Oversight has ranged the cost of implementing this legislation between \$8,183,097 to \$8,843,354 for FY 02.

ASSUMPTION (continued)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services -</u>			
<u>Division of Family Services</u>			
Personal services (4.02 to 7.37 FTE)	(\$96,186 to \$172,997)	(\$118,309 to \$212,797)	(\$121,267 to \$218,118)
Fringe benefits	(\$32,059 to \$57,660)	(\$39,432 to \$70,925)	(\$40,418 to \$72,699)
Expense and equipment	<u>(\$41,981 to \$76,942)</u>	<u>(\$7,830 to \$14,333)</u>	<u>(\$8,067 to \$14,763)</u>
Total <u>Costs</u> - Division of Family Services	(\$170,226 to \$307,599)	(\$165,571 to \$298,055)	(\$169,752 to \$305,580)
 <u>Costs - Department of Social Services -</u>			
<u>Division of Legal Services</u>			
Personal services (1.46 FTE)	(\$37,606)	(\$46,273)	(\$47,430)
Fringe Benefits	(\$12,534)	(\$15,423)	(\$15,808)
Expense and equipment	<u>(\$14,012)</u>	<u>(\$10,662)</u>	<u>(\$10,982)</u>
Total <u>Costs</u> - Division of Legal Services	(\$64,152)	(\$72,358)	(\$74,220)
 <u>Costs - Department of Social Services -</u>			
<u>Division of Medical Services</u>			
Medical Assistance Payments	(\$7,732,064)	(\$10,493,271)	(\$11,330,108)
 <u>Costs - Department of Social Services -</u>			
<u>Division of Aging</u>			
Personal services (4.55 to 7.80 FTE)	(\$123,736 to \$197,636)	(\$152,195 to \$243,092)	(\$156,000 to \$272,462)
Fringe benefits	(\$41,241 to \$65,872)	(\$50,727 to \$81,023)	(\$51,995 to \$90,812)
Expense and equipment	<u>(\$51,678 to \$76,031)</u>	<u>(\$37,250 to \$52,480)</u>	<u>(\$38,370 to \$61,296)</u>
Total <u>Costs</u> - Division of Aging	(\$216,655 to \$339,539)	(\$240,172 to \$376,595)	(\$246,365 to \$424,570)
 ESTIMATED NET EFFECT ON			
GENERAL REVENUE FUND			
	<u>(\$8,183,097 to \$8,443,354)</u>	<u>(\$10,971,372 to \$11,240,279)</u>	<u>(\$11,820,445 to \$12,134,478)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
FEDERAL FUNDS			
<u>Income - Department of Social Services -</u>			
Medicaid reimbursements	\$12,390,734 to \$12,526,172	\$16,739,002 to \$16,879,791	\$18,058,494 to \$18,223,490
<u>Costs - Department of Social Services -</u>			
<u>Division of Family Services</u>			
Personal services (1.98 to 3.63 FTE)	(\$47,375 to \$85,207)	(\$58,272 to \$104,811)	(\$59,728 to \$107,430)
Fringe benefits	(\$15,790 to \$28,399)	(\$19,422 to \$34,934)	(\$19,907 to \$35,806)
Expense and equipment	<u>(\$20,678 to \$37,897)</u>	<u>(\$3,857 to \$7,059)</u>	<u>(\$3,972 to \$7,271)</u>
Total <u>Costs</u> - Division of Family Services	(\$83,843 to \$151,503)	(\$81,551 to \$146,804)	(\$83,607 to \$150,507)
<u>Costs - Department of Social Services -</u>			
<u>Division of Legal Services</u>			
Personal services (1.54 FTE)	(\$39,597)	(\$48,725)	(\$49,943)
Fringe benefits	(\$13,198)	(\$16,240)	(\$16,646)
Expense and equipment	<u>(\$14,757)</u>	<u>(\$11,228)</u>	<u>(\$11,565)</u>
Total <u>Cost</u> - Division of Legal Services	(\$67,552)	(\$76,193)	(\$78,154)
<u>Costs - Department of Social Services -</u>			
<u>Division of Medical Services</u>			
Medical assistance payments	(\$12,124,290)	(\$16,454,010)	(\$17,766,214)
<u>Costs - Department of Social Services -</u>			
<u>Division of Aging</u>			
Personal services (2.45 to 4.20 FTE)	(\$66,627 to \$106,419)	(\$81,951 to \$130,896)	(\$84,000 to \$146,710)
Fringe benefits	(\$22,207 to \$35,469)	(\$27,314 to \$43,628)	(\$27,997 to \$48,898)
Expense and equipment	<u>(\$26,215 to \$40,939)</u>	<u>(\$17,983 to \$28,260)</u>	<u>(\$18,522 to \$33,007)</u>
Total <u>Costs</u> - Division of Aging	(\$115,049 to \$182,827)	(\$127,248 to \$202,784)	(\$130,519 to \$228,615)

ESTIMATED NET EFFECT ON

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

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

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2002</u> <u>(10 Mo.)</u>	<u>FY 2003</u>	<u>FY 2004</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

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

This legislation is not federally mandated and would not duplicate any other program.

SOURCES OF INFORMATION

Department of Mental Health
Department of Social Services



Jeanne Jarrett, CPA
Director

January 26, 2001