

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0927-01
Bill No.: HB 329
Subject: Disabilities; Elderly; Medicaid; Social Services Department
Type: Original
Date: February 5, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$11,717,066)	(\$20,290,345)	(\$22,187,698)
Total Estimated Net Effect on <u>All</u> State Funds	(\$11,717,066)	(\$20,290,345)	(\$22,187,698)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$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 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Social Service (DOS)** did not respond to our fiscal impact request. However, in response to a similar proposal last session DOS assumed the proposal would increase the resource limits for Medicaid from \$1,000 to \$4,000 for a single person and from \$2,000 to \$6,000 for a couple. DOS assumed that by increasing the income to 100% of the federal poverty level for the aged, blind, and disabled there would be no federal group under which to authorize federal matching funds.

Division of Family Services

DOS - Division of Family Services (DFS) officials stated that section 1902 (m)(1) of the Social Security Act allows federal financial participation for the aged and disabled populations when raising the income limit to 100% of poverty; however, the resource limits can not be less restrictive than the SSI criteria of \$2,000 for single and \$3,000 for a couple. No waiver is necessary if both income and resource criteria are met. The state resource maximum is \$1,000 for single and \$2,000 for a couple. Section 1902 (m)(1) does not apply to the blind population. A Section 1115 waiver requires cost neutrality for the federal government.

DFS assumed that the resource limits of \$1,000 and \$2,000 are applicable to this group as is stated in 208.010, RSMo. DFS stated that a recent report (draft) completed by Myers & Stauffer LC indicated that by increasing the income limit to 100% of the poverty level for the aged, blind, and disabled would only affect the spend down population. Estimates provided in the report and subsequently updated by the Division of Medical Services are that 9,900 of our current spend down population (as of 12/1/99) would become eligible for Medicaid on a full-time basis. In addition, all Qualified Medicare Beneficiary (QMB) only recipients would now be eligible for full Medicaid coverage. However, since the resource limit remains unchanged at \$1,000 (single) and \$2,000 (couple) DFS assumed that only 25% of the 8,645 QMB only population would apply and subsequently be found eligible on the basis of resources.

DFS estimated that no additional FTEs would be needed to implement this proposal since it is already managing the spend down and QMB population at its current staffing levels. DFS assumes a zero fiscal impact if this proposal is enacted.

Division of Legal Services

DOS - Division of Legal Services (DLS) officials stated they had sufficient staff to deal with any

ASSUMPTION (continued)

increased case load.

Division of Medical Services

DOS - Division of Medical Services (DMS) officials stated they had worked with DFS to identify the population that is being proposed for full medical assistance. DMS stated the population includes spend down and QMB only eligibles. These populations were currently receiving a limited medical services benefit but this proposal would allow the eligibles to receive full benefit. As of 12/1/99 there were 9,900 spend down eligibles and 8,645 QMB only eligibles.

DMS assumed for the spend down that the 9,900 eligibles would be phased in over a six month time period. DMS also assumed a monthly cost of \$112.26 which is based on a report produced by Myers & Stauffer. DMS assumed a four percent increase in medical cost each year and caseload increase of 5.27% each year.

DMS assumed for the QMB only that based on a DFS assumption that 25% of the 8,645 population would apply and subsequently be found eligible. DMS assumed a monthly cost of \$187.00 which was based on an ad hoc report. DMS assumed a four percent increase in medical cost each year and caseload increase of 5.27% each year. DMS also assumed that these eligibles would be phased in over a six month time period.

Based on the assumption by DFS, DMS assumed that there would be no federal matching funds available. Therefore, the entire cost would be general revenue.

Division of Aging

DOS - Division of Aging (DA) officials stated that based on information supplied to DA from DMS and DFS the revision of eligibility requirements for the Elderly and Disabled Waiver would potentially result in an additional 692 eligibles based on the following:

Potential eligibles	2,161
Participation rate of in-home	32%
Total New Eligibles	692

DA assumed that spend down clients who would become eligible because of the increase in the income requirements who are currently receiving in-home services are already being case managed and therefore, would not increase the number of potential eligibles.

DA stated that according to the DOS - Research and Evaluation Unit there were 76,308 Medicaid recipients age 65 and over. As of June 30, 1999, DA had authorized in-home services to just

ASSUMPTION (continued)

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 estimated 692 (2,161 , 32%) additional recipients would access home care as an alternative to facility placement requiring case management. Based upon a growth factor of 5.27% DA estimated 728 (692 x 105.27%) clients requiring case management the second year and 767 (692 x 105.27% x 105.27%) clients requiring case management the third year. DA stated they would need six additional Social Service Worker I (SSW) positions the first year to case manage the new eligibles based on current average caseload size of 125 cases per SSW (692 / 125 = 6). DA would need one Home and Community Services Area Supervisor position based on current supervision levels of one supervisor for every nine SSW and one Clerk Typist II position to provide clerical support to the supervisors and SSW.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

Costs - Department of Social Services -
 Division of Medical Services

Medical assistance payments	(\$11,366,201)	(\$19,910,532)	(\$21,798,144)
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Costs - Department of Social Services -
 Division of Aging

Personal services (6 FTE)	(\$202,099)	(\$248,581)	(\$254,796)
Fringe benefits	(\$66,693)	(\$82,032)	(\$84,083)
Expense and equipment	(\$82,073)	(\$49,200)	(\$50,675)
Total <u>Costs</u> - Division of Aging	(\$350,865)	(\$379,813)	(\$389,554)

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$11,717,066)</u>	<u>(\$20,290,345)</u>	<u>(\$22,187,698)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

This proposal would revise Section 208.151, RSMo, concerning the eligibility to receive medical assistance by requiring that every aged, blind, or disabled person with an annual income up to 100% of the federal poverty level would be eligible to receive assistance. The Department of Social Services would be required to apply to the Secretary of the U.S. Department of Health and Human Services for a modification of any existing waiver or for any new waivers which would be necessary to implement this requirement. Upon receipt of the waiver, the department would be required to provide medical assistance to these eligible persons.

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

Office of Administration
Division of Budget and Planning

NOT RESPONDING: Department of Social Services



Jeanne Jarrett, CPA
Director

February 5, 2001