COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1437-02
Bill No.: HB 877
Subject: Health Care; Health Care Professionals; Medicaid; Nursing and Boarding Homes
Type: Original
Date: April 10, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	($3,117,552)	($3,937,492)	($4,263,190)
Total Estimated Net Effect on All State Funds	**($3,117,552)**	**($3,937,492)**	**($4,263,190)**

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

***Revenues and expenditures of approximately $5.6 million annually 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 8 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health** assume this proposal would not fiscally impact their agency.

Department of Social Services - Division of Medical Services (DMS) officials state states are allowed to base eligibility for recipients of waiver services on a higher income standard (Missouri's is $928) and to use prevention of spousal impoverishment rules (division of assets) to determine resource eligibility. 1915C waiver services may also be restricted to specific eligibility groups such as those of a certain age. Currently, there are six Section 1915C waivers: Elderly and Disabled waiver; Home and Community Based Waiver for Individuals with Mental Retardation and Developmental Disabilities (MRDD) waiver; Independent Living (IL) waiver; Missouri Children with Developmental Disabilities (MOCDD) waiver; AIDS waiver; and Physical Disability waiver. The higher income standard and prevention of spousal impoverishment rules are used for the Elderly and Disabled waiver. None of the other waivers use the prevention of spousal impoverishment rules. The MOCDD waiver uses the higher income standard.

The income standard and the division of assets change is not expected to have an impact on the AIDS or the Physical Disability waivers. The Independent Living waiver may be affected by the division of assets change. However, when contacted the Department of Elementary and Secondary (DESE) - Division of Vocational Rehabilitation did not have an estimate of the number of individuals who might be eligible for the IL waiver because of these changes. The DMS may see a savings if anyone is able to leave a nursing home and receive IL waiver services. The FY 01 average Medicaid NF payment for an individual is $2,416.10 per month. The savings would be offset by any Home and Community Based services (Personal Care at $13.46/unit) that the individual may need. The DMS assumes the Department of Mental Health would address any impact the proposed legislation may have on the MRDD and MOCDD waivers. The Elderly and Disabled waiver is currently limited to persons over the age of 63. This proposal would remove the age restriction. It is estimated that 1,021 individuals would become Medicaid eligible from the removal of the age restriction. The estimate was based on past experience. The Aged and Disabled waiver was expanded a few years ago to include 63 and 64 years old. As of June 2000, 336 persons had entered the Medicaid program because of the reduction in age for this waiver. The average cost for a person receiving Elderly and Disabled waiver services is $650.99. This cost was obtained from the HCFA 372 report for the period ending 4/21/99. The cost was adjusted for rate increases granted since the time period of the report.

The cost per month for the new eligibles would be $650.99 x 1,021 = $664,660.79.
FY 02: $664,660.79 x 10 months = $6,646,607.90
ASSUMPTION (continued)

FY 03: $677.02 ($650.99 x 1.04) x 1,062 (1,021 x 1.04) = $718,995.24 x 12 months = $8,627,942.88
FY 04: $704.10 ($677.02 x 1.04) x 1,104 (1,062 x 1.04) = $777,326.40 x 12 months = $9,327,916.80

The Independent Living waiver may be affected by the lifting of the age restriction. However, when contacted the DESE-Divison of Vocational Rehabilitation did not have an estimate of the number of individuals who might be eligible for the IL waiver because of this change. The DMS may see a savings if anyone is able to leave a nursing home and receive IL waiver services. The FY 01 average Medicaid NF payment for an individual is $2,416.10 per month. The savings would be offset by any Home and Community Based services (Personal Care at $13.46/unit) that the individual may need. DMS assumes the Department of Mental Health would address any impact the proposal may have on the MRDD and MOCDD waivers.

DOS - **Division of Family Services** (**DFS**) officials state states may base eligibility for recipients of waiver services on a higher income standard (Missouri uses $928) and to use spousal impoverishment rules (division of assets) to determine resource eligibility. Now, the higher income standard and prevention of spousal impoverishment rules would be used for the Elderly and Disabled waiver. None of the other waivers use the prevention of spousal impoverishment rules. The Sara Lopez (MOCDD) waiver uses the higher income standard, but the others do not. The effect of this proposal would be to require use of these eligibility rules for all of these waiver groups. The division of assets would have some effect on the Independent Living group, but little on the MRDD and Sara Lopez recipients. DFS states DMS projects approximately 1,021 new eligibles as a result of the age restriction being removed from the 1915C waiver groups, specifically the Elderly and Disabled waiver group. The changes to the other 1915C waiver groups (Independent Living, MRDD, Sara Lopez, AIDS, etc.) are expected to have a minimal impact to the DFS. DFS assumes a Medicaid caseload to be 480 cases. DFS assumes 1021 / 480 = 2.13 or 2 new Caseworker FTEs needed to maintain new cases. Caseworker duties and responsibilities include take and process applications for eligibility, respond and answer both written and telephone requests for information or reported changes, and maintain all active cases in caseload. DFS assumes an annual salary for a Caseworker to be $29,040.

Officials from DOS - Division of Aging (DA) state that in determining the fiscal impact of this proposal, DA has made the following assumptions:

- DFS would calculate the fiscal impact associated with determining eligibility for Medicaid services using the new requirements
- DMS would determine the fiscal impact associated with the Medicaid costs for services for the new group of eligibles
- DLS would determine the fiscal impact associated with the cost of any administrative hearings.

ASSUMPTION (continued)

Based on the requirement for Home & Community Based waiver eligibility, 1,021 additional recipients (as provided by the Division of Medical Services and Family Services) would require DA case management in the first year. DMS has estimated a growth factor of 3.94%. Based on this growth factor, DA estimates that 1,061 (1,021 x 103.94%) clients would require case management in the second year and 1,103 (1,021 x 103.94% x 103.94%) in the third year. DA would need thirteen (13) additional Social Service Worker II (SSW) positions the first year to case manage the new eligibles based on current average caseload size of 80 cases per SSW (1,021 / 80 =12.7625). DA would need thirteen (13) SSW positions or no additional workers the second year (1,061 / 80 = 13.2625) and fourteen (14) SSW positions or one (1) additional position the third year (1,103 / 80 = 13.7875). DA would also need one (1) Home and Community Services Area Supervisor position based on current supervision levels of one supervisor for every nine Social Service Workers and one (1) Clerk Typist II position to provide clerical support to the Area Supervisor and SSW staff. DA would add the supervisor and clerical support staff in the first year. The Social Service Worker IIs would be placed in the following counties/locations:

Year 1 (11 workers)
1 Christian 1 Taney 1 Cape Girardeau 1 Carter 1 Chariton 1 Pettis
1 Buchanan 1 Clinton 1 Camden 1 Macon 1 Franklin 1 Jefferson
1 St. Louis (Prince Hall)

Year 2 (11 workers) (0 additional worker)

Year 3 (12 workers) (1 additional worker)
1-Scotland

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

Social Service Worker II duties: responsible for the investigation of hotlines, pre-long-term care screenings, the eligibility determination and authorization of state-funded in-home services.

Home & Community Services Area Supervisor duties: supervise 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.

Clerk Typist II duties: provide the necessary clerical support to the Area Supervisors, Social Service Workers, and the activities of the unit.

<u>ASSUMPTION</u> (continued)

DOS - **Division of Legal Services** (**DLS**) officials state that for the proposed changes, DLS has been informed that new eligibles would be as follows:

FY'02, 1,021
FY'03, 1,062
FY'04, 1,105

FY'02:
For the purposes of this fiscal note, assume that, of the 1,021 nominally eligible persons, 10% were found not to be eligible and were to request a hearing. There would be 102 hearings per year in the Hearings Unit of the DLS. Assuming 4 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 408 hours on these 102 hearings and would require .25-FTE additional Hearing Officer. (4 hours/case x 102 cases = 408 hours ÷ 2,080 hours/attorney-year = .20 hearing officers). Assuming 2 hours per case for the hearings support staff to process each appeal from receipt of the request for hearing to final decision, the hearings support staff would expend 204 hours on these 102 hearings and would require .12-FTE additional support staff. (2 hours/case x 102 cases = 204 hours ÷ 2,080 hours/staff-year = .12 support staff)

For the purposes of this fiscal note, assume that, of the 102 cases in which persons requested a hearing that 10% or 10 filed an affidavit of appeal to the circuit court. Assuming 40 hours per case for the Litigation Unit 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 400 hours on these 10 petitions for judicial review and would require .25-FTE additional litigation attorney and .12-FTE additional support staff. (40 hours/case x 10 cases = 400 hours ÷ 2,080 hours/attorney-year = .20 attorneys; .12-FTE support staff on a 1:2 ratio)

FY'03:
For the purposes of this fiscal note, assume that, of the 1,062 nominally eligible persons, 10% were found not to be eligible and were to request a hearing. There would be 106 hearings per year in the Hearings Unit of the DLS. Assuming 4 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 424 hours on these 106 hearings and would require .25-FTE additional Hearing Officer. (4 hours/case x 106 cases = 424 hours ÷ 2,080 hours/attorney-year = .20 hearing officers) Assuming 2 hours per case for the hearings support staff to process each appeal from receipt of the request for hearing to final decision, the hearings support staff would expend 212 hours on these 106 hearings and would require .12-FTE additional support staff. (2 hours/case x 106 cases = 212 hours ÷ 2,080 hours/staff-year = .12 support staff)

ASSUMPTION (continued)

For the purposes of this fiscal note, assume that, of the 106 cases in which persons requested a hearing that 10% or 10 filed an affidavit of appeal to the circuit court. Assuming 40 hours per

case for the Litigation Unit 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 400 hours on these 10 petitions for judicial review and would require .25-FTE additional litigation attorney and .12-FTE additional support staff. (40 hours/case x 10 cases = 400 hours ÷ 2,080 hours/attorney-year = .20 attorneys; .12-FTE support staff on a 1:2 ratio)

FY'04:
For the purposes of this fiscal note, assume that, of the 1,105 nominally eligible persons, 10% were found not to be eligible and were to request a hearing. There would be 110 hearings per year in the Hearings Unit of the DLS. Assuming 4 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 440 hours on these 110 hearings and would require .25-FTE additional Hearing Officer. (4 hours/case x 110 cases = 440 hours ÷ 2,080 hours/attorney-year = .21 hearing officers) Assuming 2 hours per case for the hearings support staff to process each appeal from receipt of the request for hearing to final decision, the hearings support staff would expend 220 hours on these 110 hearings and would require .12-FTE additional support staff. (2 hours/case x 110 cases = 220 hours ÷ 2,080 hours/staff-year = .12 support staff)

For the purposes of this fiscal note, assume that, of the 110 cases in which persons requested a hearing that 10% or 11 filed an affidavit of appeal to the circuit court. Assuming 40 hours per case for the Litigation Unit 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 440 hours on these 10 petitions for judicial review and would require .25-FTE additional litigation attorney and .12-FTE additional support staff. (40 hours/case x 11 cases = 440 hours ÷ 2,080 hours/attorney-year = .21 attorneys; .12-FTE support staff on a 1:2 ratio)

Oversight assumes that DLS would absorb the additional workload with existing resources.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
Costs - Department of Social Services - Division of Medical Services			
Medical assistance payments	($2,588,189)	($3,359,721)	($3,632,291)
Costs - Department of Social Services - Division of Family Services			
Personal services (1.34 FTE)	($33,225)	($40,884)	($41,906)
Fringe benefits	($11,074)	($13,627)	($13,967)
Expense and equipment	($17,049)	($6,389)	($6,581)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Total Costs - DFS	($61,348)	($60,899)	($62,453)
Costs - Department of Social Services - Division of Aging			
Personal services (10.40 FTE)	($271,536)	($333,989)	($365,631)
Fringe benefits	($90,503)	($111,319)	($121,865)
Expense and equipment	($105,976)	($71,564)	($80,950)
Total Costs - DA	($468,015)	($516,872)	($568,446)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**($3,117,552)**	**($3,937,492)**	**($4,263,190)**
FEDERAL FUNDS			
Income - Department of Social Services			
Medicaid reimbursements	$4,340,641	$5,576,534	$6,032,475
Costs - Department of Social Services - Division of Medical Services			
Medical assistance payments	($4,058,419)	($5,268,222)	($5,695,626)
Costs - Department of Social Services - Division of Family Services			
Personal services (.66 FTE)	($16,365)	($20,137)	($20,640)
Fringe benefits	($5,454)	($6,712)	($6,879)
Expense and equipment	($8,397)	($3,147)	($3,241)
Total Costs - DFS	($30,216)	($29,995)	($30,761)
Costs - Department of Social Services - Division of Aging			
Personal services (5.60 FTE)	($146,212)	($179,841)	($196,879)
Fringe benefits	($48,732)	($59,941)	($65,620)
Expense and equipment	($57,062)	($38,535)	($43,589)
Total Costs - DA	($252,006)	($278,317)	($306,088)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
ESTIMATED NET EFFECT ON FEDERAL FUNDS	**$0**	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would require the Department of Social Services to assess an individual's eligibility for services through a home- and community-based waiver by using the same age restrictions, division of assets, and income allowances that are used to determine Medicaid eligibility for institutional care benefits.

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 Mental Health
Department of Social Services

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