

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0919-01
Bill No.: HB 201
Subject: Medicaid; Dentists; Department of Social Services
Type: Original
Date: February 15, 2011

Bill Summary: This legislation authorizes the MO HealthNet Division to implement a statewide dental delivery system for the provision of services under the MO HealthNet program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0 to (\$3,991,660)	\$0 to (\$4,962,432)	\$0 to (\$5,141,079)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$3,991,660)	\$0 to (\$4,962,432)	\$0 to (\$5,141,079)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and cost would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 208.240:

Officials from the **Department of Health and Senior Services** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** assumes while this legislation allows MO HealthNet to implement a statewide dental delivery system, it does not provide coverage to additional Medicaid participants. If implemented, the DMH clients may have more access to dental providers that accept Medicaid. Many of DMH's facilities have a dentist on staff which provides dental care to DMH clients. DMH does purchase minimal dental services for clients. If these services are received and covered in the proposed legislation, there could be a minimal savings to DMH.

Officials from the **Department of Social Services** states under the Administrative Services Only (ASO) model, a single entity would enter into an agreement with the Mo HealthNet Division (MHD) to administer the program. The contractor would be responsible and reimbursed for setting up a network of dental providers, fielding provider and client complaints, providing quality assurance, and handling other administrative work. This arrangement would be a new cost to the MHD. Projected Per Member Per Month (PMPM) cost is \$.54/month.

The current count of Medicaid eligible - adults and children is 899,022.

MHD assumes current Medicaid eligibles would receive dental services at current coverage-children, pregnant women, blind persons and nursing facility residents will have full coverage and all others have a limited dental package of prescribed medically necessary services.

The annual cost is \$5,825,663 (899,022 x \$.54 x 12). Since all eligibles would receive services under this model, the current dental administration for managed care eligibles (\$387,374) has been subtracted to arrive at the additional cost \$5,438,289 (\$5,825,663 - \$387,374).

A 15% increase in utilization is expected. The FY10 dental payments were multiplied by 15% to arrive at the projected increase of \$7,609,905.

Projected annual cost: \$5,438,289 + \$7,609,905 = \$13,048,194.

A 3.6% trend was added to FY13 and FY14.

SEC:LR:OD (12/02)

ASSUMPTION (continued)

FY12 (10 months): \$10,873,495 (\$3,991,660 GR); FY13: \$13,517,929 (\$4,962,432 GR) and FY14: \$14,004,574 (\$5,141,079 GR).

The cost is shown as a range from zero to the maximum cost because the language in the legislation is permissive.

Also, the total fiscal impact assumes that all Medicaid recipients--both those with a full benefit package and those with a limited dental package--would be enrolled in the ASO model. There are 590,323 individuals with a full dental benefit package. If only those with the full package were enrolled in the ASO, the annual cost would be reduced to \$10,343,799*.

*This cost includes the \$.54 PMPM ASO cost and the 15% increased utilization for this group only, along with a reduction for current managed care administration for dental services.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
 GENERAL REVENUE FUND			
 <u>Costs - Department Social Services</u>			
Program Costs	<u>\$0 to</u> <u>(\$3,991,660)</u>	<u>\$0 to</u> <u>(\$4,962,432)</u>	<u>\$0 to</u> <u>(\$5,141,079)</u>
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 <u>\$0 to</u> <u>(\$3,991,660)</u>	 <u>\$0 to</u> <u>(\$4,962,432)</u>	 <u>\$0 to</u> <u>(\$5,141,079)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2012	FY 2013	FY 2014
(continued)	(10 Mo.)		

FEDERAL FUNDS

Income - Department of Social Services

Federal Assistance	<u>\$0 to</u> <u>\$6,881,835</u>	<u>\$0 to</u> <u>\$8,555,497</u>	<u>\$0 to</u> <u>\$8,863,495</u>
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Costs - Department of Social Services

Program Costs	<u>\$0 to</u> <u>(\$6,881,835)</u>	<u>\$0 to</u> <u>(\$8,555,497)</u>	<u>\$0 to</u> <u>(\$8,863,495)</u>
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**ESTIMATED NET EFFECT ON
 FEDERAL FUNDS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2012	FY 2013	FY 2014
	(10 Mo.)		

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Section 208.240:

This legislation authorizes the MO HealthNet Division within the Department of Social Services, or a contractor of the Division, to implement a statewide dental delivery system to ensure recipient participation and access to providers of dental services under MO HealthNet.

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

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SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 15, 2011