

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4502-01
Bill No.: HB 1063
Subject: Children and Minors
Type: Original
Date: January 14, 2014

Bill Summary: This proposal changes the laws regarding families and children.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Could exceed \$2,975,090)	(Could exceed \$3,626,399)	(Could exceed \$3,730,984)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$2,975,090)	(Could exceed \$3,626,399)	(Could exceed \$3,730,984)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$10 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§ 208.662 - Show-Me Healthy Babies Program:

Officials from the **Department of Social Services (DSS)** provide the following information:

MO HealthNet Division (MHD):

Section 208.662. 1. Creates the "Show-Me Healthy Babies Program" which would provide medical coverage to unborn children through the children's health insurance program (CHIP).

Section 208.662. 2. Sets the income eligibility of the program at no more than 300% of the federal poverty level (FPL), subject to appropriations.

Section 208.662. 3. States that medical coverage would be limited to prenatal care and pregnancy-related services that benefit the health of the unborn child and that promote healthy labor, delivery, and birth.

The Family Support Division (FSD) assumes that 1,844 unborn children will be enrolled. This is the number of Medicaid for Pregnant Women (MPW) who were denied coverage for income between 185% and 300% of FPL. MHD assumes that pregnant women will be enrolled and not the unborn child. MHD further assumes that the coverage would be similar to the current coverage for the MPW population, which could include other medical issues for the mother that could affect the unborn baby (for example, diabetes or an infection). The cost per member per month (PMPM) for the MPW population is \$579.11. The total cost for a year would be \$12,814,546 (1,844 x \$579.11 x 12). There may be some additional unknown costs for programming, so that this new category of aid can be identified.

Section 208.662. 4. Requires the DSS to set up a presumptive eligibility procedure for enrolling an unborn child.

FSD currently has presumptive eligibility procedures in place.

Section 208.662. 5. States that coverage for the child shall continue for up to one year after birth.

MHD currently covers children age 0 - 1 between 185% - 300% of FPL under the CHIP program. This would have no additional fiscal impact on MHD.

ASSUMPTION (continued)

Section 208.662.6. Requires coverage for the mother to continue through the last day of the month that includes the sixtieth day after the pregnancy ends. Coverage for the mother shall be limited to pregnancy-related and postpartum care.

These costs would be included in the yearly cost of the MPW population.

Section 208.662. 7. Defines the ways that the DSS may provide coverage. These include paying the health care provider directly or through managed care; a premium assistance program; a combination of the two; or a similar arrangement.

MHD assumes a one-time cost for managed care rate development of \$50,000.

Section 208.662. 8. Requires the department to provide information about the Show-Me Healthy Babies Program to maternity homes, pregnancy resource centers, and similar agencies and programs in the state. It also states the department shall consider allowing such agencies to assist in enrollment and presumptive eligibility and verification of the pregnancy.

Section 208.662.9. Requires the DSS to submit a state plan amendment or seek necessary waivers within sixty days after the effective date of this section to United States Department of Health and Senior Services.

MHD currently has a state plan amendment for CHIP. MHD assumes that it could submit this new state plan amendment with existing staff.

Section 208.662. 10. Requires the DSS to prepare and submit a report on cost savings and benefits at least annually.

MHD assumes that it would contract this service out at a cost of \$40,000 per year.

Section 208.662. 11. States that the Show-Me Healthy Babies Program shall not be deemed an entitlement program, but instead shall be subject to federal allotment or appropriations and matching state appropriations.

Section 208.662. 12. States that the state is not obligated to continue this program if the allotment or payments from the federal government end or are not sufficient to operate the program, or if the general assembly does not appropriate funds for the program.

MHD assumes that if the waiver were not approved or if state match were not appropriated, that this program would cease to exist.

ASSUMPTION (continued)

Section 208.662. 13. States that nothing in this section shall be construed as expanding MO HealthNet or fulfilling a mandate imposed by the federal government or the state.

Total costs for the program, would be \$12,814,546 in FY13 for the unborn population plus \$40,000 per year for reporting, and a one-time rate development cost of \$50,000 and a one-time unknown cost for programming in FY15. It is also assumed that the unborn cost in FY15 will only be for a 10-month period. A 2.9% medical inflation was added to the FY13 program costs for FY14 and FY15 to arrive at the FY15 cost. An additional 2.9% medical inflation cost was added to FY16 and FY17. The federal match for CHIP services is 74.170%. Rate development, reporting and programming costs would receive a federal match rate of 50%.

FY15 (10 months): \$0 to > \$11,397,139 (GR > \$2,965,634; Federal > \$8,431,505);
FY16: \$0 to \$14,002,055 (GR \$3,626,399; Federal \$10,375,656); and
FY17: \$0 to \$14,406,954 (GR \$3,730,984; Federal \$10,675,970).

The program is subject to appropriations.

Section 210.278 exempts certain neighborhood youth development programs from child care licensing requirements. This section has no impact on MHD.

Section 210.950.6 changes the Division of Family Services to Children's Division. This section has no impact on MHD.

Family Support Division (FSD):

Federal rules found in 42 CFR 457 allow states the option to consider an unborn child to be a 'targeted low-income child'. This allows an unborn child to be eligible for health benefits coverage under the Children's Health Insurance Program (CHIP) if other applicable eligibility requirements are met.

The definition of 'targeted low-income child' is found at federal rule 42 CFR 457.310. This definition limits the family income to no more than 200% of the federal poverty level (FPL). However, in Missouri, the income limit is currently set at 150% FPL for targeted low-income children. Therefore, the income limit for unborn children would be limited to 150% FPL in order to receive Federal Financial Participation (FFP, or federal matching) funds unless a waiver is requested from the federal government to expand coverage for unborn children above 150% FPL. If a waiver is not granted, unborn children coverage above 150% FPL would not be eligible for FFP and would have to be paid 100% from General Revenue (GR) funds.

ASSUMPTION (continued)

The MO HealthNet for Pregnant Women (MPW) program currently covers pregnant women with family income up to 185% FPL and covers all medical services, not just prenatal care and pregnancy-related services. Therefore, FSD anticipates only unborn children whose family income is greater than 185% FPL, but less than 300% FPL would be eligible for the Show-Me Healthy Babies Program. Based on the average number of MPW cases rejected due to income above 185% FPL, but with income below 300% FPL, the FSD estimates at least 1,844 unborn children would be eligible for this program each year.

Due to the change in organization structure and the requested new eligibility system, FSD assumes existing staff will be able to maintain the increased caseload size and take applications. The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes. The FSD further assumes OA-ITSD will include the FAMIS/MEDES programming costs needed to implement the provisions of this proposal in their fiscal note response. Therefore, there is no fiscal impact to the FSD.

Children's Division:

This proposal establishes the Show-Me Healthy Babies Program within the DSS as a separate children's health insurance program (CHIP) for any low-income unborn child.

Section 210.278.6 requires hospitals, their employees, agents and medical staff to notify the FSD and the juvenile officer upon receipt of a child pursuant to this section. This section has been changed by removing the reference to the "division of family services" and changing it to the Children's Division.

Section 210.278 provides that neighborhood youth development programs shall be exempt from child care licensing.

This proposal does not fiscally impact the Children's Division (CD).

ASSUMPTION (continued)

Officials from the **Office of Administration - Information Technology Services Division (ITSD)/DSS** provide the following assumptions:

MHD indicated they would require the establishment of at least one new Medicaid Eligibility (ME) code, coding to possibly enroll a participant in a managed care plan, passing eligibility to WIPRO (the DSS contractor) from the Family Assistance Management Information System (FAMIS), and review the Health Insurance Premium Payment (HIPP) coding.

In addition, MMIS would require the establishment of at least one new ME code, development of new reports, and additional tracking of participants. The required systems work would be done by WIPRO.

MHD Estimates:

Activities	Estimated Hours
Analysis/Design/Create/Modify Specs	100
Coding	160
Testing	40
Total	300 hrs

$$300 \text{ hours} \times \$63.04/\text{hr} = \$ 18,912$$

Match rate is 50% General Revenue and 50% Federal.

Officials from the **Office of Administration (OA) - Commissioner's Office** state due to the possible duplication of services and the differences between services provided, it is unknown at this time how the Alternatives-to-Abortion (A2A) program would be impacted if this proposal is passed.

Officials from the **OA - Division of Budget and Planning (BAP)** state the proposed legislation should not result in additional costs or savings to the BAP. The BAP defers to the Department of Social Services on the impact of Section 208.622, the Show-Me Healthy Babies Program.

Officials from the **Department of Health and Senior Services** assume the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs - OA</u>			
Alternatives-to-Abortion (§208.662)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Costs - OA-ITSD-DSS</u>			
System programming changes (§208.662)	(Greater than \$9,456)	\$0	\$0
<u>Costs - DSS-MHD</u>			
Program expansion, reporting and development expenditures (§208.662)	(Greater than <u>\$2,965,634</u>)	<u>(\$3,626,399)</u>	<u>(\$3,730,984)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Could exceed \$2,975,090)</u>	<u>(Could exceed \$3,626,399)</u>	<u>(Could exceed \$3,730,984)</u>
FEDERAL FUNDS			
<u>Income - DSS-MHD</u>			
Program expenditure reimbursements	Greater than \$8,431,505	\$10,375,656	\$10,675,970
<u>Income - OA-ITSD/DSS</u>			
System programming reimbursements	Greater than \$9,456	\$0	\$0
<u>Costs - DSS-MHD</u>			
Program expenditures	(Greater than \$8,431,505)	(\$10,375,656)	(\$10,675,970)
<u>Costs - OA-ITSD/DSS</u>			
System programming expenditures	(Greater than <u>\$9,456</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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.

FISCAL DESCRIPTION

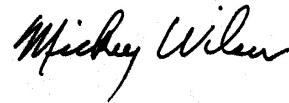
This proposal establishes the Show-Me Healthy Babies Program within the Department of Social Services as a separate children's health insurance program for any low-income unborn child who meets specified eligibility requirements. Within 60 days after the effective date of these provisions, the department must submit a state plan amendment or seek any necessary waivers from the federal Department of Health and Human Services requesting approval for the program. At least annually, the department must prepare and submit a report to the Governor, Speaker of the House of Representatives, and President Pro Tem of the Senate analyzing and projecting the cost savings and benefits of the program, if any, to specified entities and persons.

The proposal adds a neighborhood youth development program that is affiliated and in good standing with a nationally federated organization's purposes, procedures, voluntary standards, and mandatory requirements that provides research-based curricula, delivered by trained professionals in a positive all-female environment to the list of neighborhood youth development programs that are exempt from state child care licensing requirements.

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
 Commissioner's Office
 Information Technology Services Division/DSS
Department of Health and Senior Services
Department of Social Services -
 Children's Division
 Family Support Division
 MO HealthNet Division



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