

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5849-02
Bill No.: HB 2080
Subject: Medicaid; Insurance - Medical; Children and Minors; Social Services Department
Type: Original
Date: March 27, 2014

Bill Summary: This proposal changes the laws regarding public medical assistance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown, less than \$311,700)	(Unknown, less than \$365,250)	(Unknown, less than \$365,250)
Total Estimated Net Effect on General Revenue Fund	(Unknown, less than \$311,700)	(Unknown, less than \$365,250)	(Unknown, less than \$365,250)

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 7 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 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

§208.164 - Definitions

Officials from the **Department of Social Services (DSS) - Missouri Medicaid Audit Compliance Unit (MMAC)** state MMAC's current operations conform to the proposed additions to section 208.164; therefore, the proposal will have no fiscal impact to MMAC.

Officials from the **DSS - MO HealthNet Division (MHD)** state a definition for "credible allegation of fraud" is added and the definition of "fraud" is revised. This will not have an impact on MO HealthNet.

§208.631 - CHIP Program

Officials from the **DSS-MHD** state according to assumptions by the Family Support Division (FSD), these children are already eligible but will be eligible for coverage five months earlier than they would be under the current policy. There currently are 99 (35 fee-for-service (FFS) and 64 Managed Care) premium paying children who lose their coverage each month for six months. It is assumed this change will affect only one cohort of children since all future children will need to be "uninsured" for only thirty days.

The maximum fiscal impact will be the average monthly cost offset by the average monthly premium for five months. The annual cost will be \$19,847. MHD assumes all families will immediately apply for coverage after the 30 day period. It is unknown what the actual time frame will be for families to apply for coverage.

Officials from the **Department of Health and Senior Services (DHSS)** assume there could be a minimal unknown positive fiscal impact to the Children and Youth with Special Health Care Needs (CYSHCN) program as the proposed legislation could result in a reduced waiting time (from six months to 30 days) for qualifying uninsured children to receive MO HealthNet coverage. This could result in a decrease of direct care costs for the DHSS CYSHCN program as this program is a payer of last resort.

§208.636 - Asset Limit

Officials from the **DSS-MHD** state that according to assumptions provided by FSD, there are very few CHIP children rejected due to the asset limit. Therefore, there will be no fiscal impact to the Managed Care Program.

ASSUMPTION (continued)

§208.646 - Waiting Period

Officials from the **DSS-MHD** state according to assumptions by FSD, there are 493 (175 FFS; 318 Managed Care) children each month who are removed from CHIP coverage for six months for failure to pay a CHIP premium. These are new children each month (not duplicated) and it is assumed that the same number will continue to lose coverage each month. It is assumed that these children will regain their eligibility five months earlier than they would have previously.

The fiscal impact will be the average monthly cost for these children offset by the average monthly premium for five months. An annual cost was calculated assuming that not all five months of the fiscal impact will occur within the same fiscal year as the child lost eligibility. The annual cost will be \$989,702. The cost is shown as unknown less than the cost for 5 months of coverage as this is the maximum cost that MO HealthNet would occur based on current participant data. Today some families may not seek coverage until later in the six month period when the child needs medical care; for these families MHD may not incur 5 months of additional costs. Some families may have affordable care for their children through the insurance exchange and not receive services under CHIP.

FY15: Total (Unknown<\$1,009,549) - (GR (Unknown <\$372,574); Federal (\$636,975))

FY16: Total (Unknown<\$1,009,549) - (GR (Unknown <\$372,574); Federal (\$636,975))

FY17: Total (Unknown <\$1,009,549) - (GR (Unknown <\$372,574); Federal (\$636,9754)).

Oversight notes that it appears DSS-MHD included the one-time costs for children included under §208.631 in FY 16 and FY17. As a result, Oversight will show Unknown costs less than \$989,702 (\$1,009,549 - \$19,847) for each FY16 and FY17 (GR (Unknown<\$365,250); Federal (Unknown<\$624,452)). Cost shown for FY15 are for 10 months.

Bill as a Whole

Officials from the **DSS - Family Support Division (FSD)** state an average of 99 children per month who apply for Children's Health Insurance Program (CHIP) benefits must wait for six months to be eligible for coverage due to loss or termination of health insurance benefits without good cause.

An average of 493 children per month are removed from CHIP coverage for a six month period for failure to pay CHIP premiums.

ASSUMPTION (continued)

These populations would be subject to a thirty-day wait period. While it is possible that the thirty-day wait period would be appealing to applicants who previously had to wait six months to get their children coverage, the FSD does not feel it would see a significant increase in the CHIP population as these are children who are already eligible for coverage. Therefore, for this fiscal note, FSD assumes there will be no impact to the division.

Officials from the **Department of Mental Health (DMH)** state it is anticipated that more children will become eligible under this proposed legislation and DMH anticipates that some of the new eligibles will receive DMH Community Psychiatric Rehabilitation (CPR) and Comprehensive Substance Abuse Treatment and Rehabilitation (CSTAR) services. DMH costs and/or cost savings for these changes will be included in the Department of Social Services costs and/or costs savings to the MO HealthNet program.

Officials from the **Office of Attorney General (AGO)** assume any potential costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if a significant increase in referrals result.

Officials from the **Office of Administration (OA) - Commissioner's Office** state the proposal will have no fiscal impact on the Alternatives-to-Abortion program.

Officials from the **OA - Division of Purchasing and Materials Management** 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>Savings - DHSS</u>			
Reduction in CYSHCN program costs	Unknown, less than \$83,333	Unknown, less than \$100,000	Unknown, less than \$100,000
<u>Costs - DSS-MHD (§208.646)</u>			
Increase in CHIP insurance coverage	<u>(Unknown, less than \$311,700)</u>	<u>(Unknown, less than \$365,250)</u>	<u>(Unknown, less than \$365,250)</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(Unknown, less than \$311,700)</u>	<u>(Unknown, less than \$365,250)</u>	<u>(Unknown, less than \$365,250)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
FEDERAL FUNDS			
<u>Income - DSS-MHD (\$208.646)</u>			
Increase in program reimbursements	Unknown, less than \$532,539	Unknown, less than \$624,452	Unknown, less than \$624,452
<u>Costs - DSS-MHD (\$208.646)</u>			
Increase in program expenditures	<u>(Unknown, less than \$532,539)</u>	<u>(Unknown, less than \$624,452)</u>	<u>(Unknown, less than \$624,452)</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 reduces the period from six months to 30 days that a child must be “uninsured” before they can be eligible for coverage under the Children’s Health Insurance Program (CHIP).

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

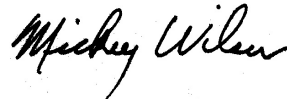
SOURCES OF INFORMATION

Office of Attorney General
 Department of Mental Health
 Department of Health and Senior Services

HWC:LR:OD

ASSUMPTION (continued)

Department of Social Services -
 Family Support Division
 MO HealthNet Division
 Missouri Medicaid Audit Compliance
Office of Administration -
 Commissioner's Office
 Division of Purchasing and Materials Management



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