

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6462-01  
Bill No.: HB 2267  
Subject: Social Services Department; Health, Public; Medicaid; Public Assistance  
Type: Original  
Date: April 25, 2014

Bill Summary: This proposal establishes the Department of MO HealthNet, abolishes the Department of Health and Senior Services, and restructures the Department of Social Services and the Department of Mental Health.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |  |   |                             |
|---|--|---|-----------------------------|
| FUND AFFECTED   | FY 2015                                  | FY 2016   | FY 2017                     |
| General Revenue   | (Unknown, could exceed \$794,495)        | Unknown to (Unknown, greater than \$100,000)        | Unknown to (Unknown)        |
|   |  |   |                             |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>(Unknown, could exceed \$794,495)</b> | <b>Unknown to (Unknown, greater than \$100,000)</b> | <b>Unknown to (Unknown)</b> |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                                    |                                    |                             |
|---|------------------------------------|------------------------------------|-----------------------------|
| FUND AFFECTED   | FY 2015                            | FY 2016                            | FY 2017                     |
| Various Other State Funds                                     | \$0 or Unknown to (Unknown)        | \$0 or Unknown to (Unknown)        | Unknown to (Unknown)        |
|   |                                    |                                    |                             |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$0 or Unknown to (Unknown)</b> | <b>\$0 or Unknown to (Unknown)</b> | <b>Unknown to (Unknown)</b> |

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

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

\* Income and expenses net to \$0.

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2015</b> | <b>FY 2016</b> | <b>FY 2017</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

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).

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2015</b> | <b>FY 2016</b> | <b>FY 2017</b> |
| <b>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration (OA) - Information Technology Services Division (ITSD)** state email address accounts would need to be changed/updated. Server shares would need to be modified for changes in users. Server and SharePoint site layout/structure would need to be modified. State supported web pages would need to be updated/modified. Data systems and applications will have to change because of new, yet unknown, business rules. Staff time would be required to move computer equipment and other equipment supported by ITSD. Networks may need to be divided or joined requiring the purchase of additional equipment. All of these costs are unknown.

For modifications to the Medicaid Management Information System (MMIS), the overall cost estimate \$610,000. The areas included in the estimate are:

- eMMIS Screens
- MMIS Reports
- Cognos/Adhoc
- eMomed
- DSS/MHD website changes in system/documentation
- Email domain change
- IVR Scripts
- System documentation

In addition, there would also be substantial changes to the Web portal and systems (such as Cyber Access) supported by Xerox.

Therefore, costs associated with MO HealthNet Division (MHD) are currently Unknown > \$610,000.

### Impact Estimates for Medicaid moving into the Department of MO HealthNet (DMHN):

Moving Missouri Medicaid Audit Compliance (MMAC) under a newly formed Mo HealthNet Department will cause the header/footer changes on web pages to replace the Department of Social Services (DSS) wording and DSS logo. 300 hours is estimated.

For the MMAC transfer, over 80 exchange addresses will change, keeping the old addresses as aliases. MMAC has nine distribution groups that will need to be changed. The active directory group will be doing those changes plus Department of Mental Health (DMH) and Department of Health and Senior Services (DHSS) personnel transfers. State Data Center (SCD) charges are unknown.

HWC:LR:OD

ASSUMPTION (continued)

The Survey and Utilization Review System (SURS) Analyst and Lock-In systems may need header/footer changes. 120 hours are estimated.

The current provider portal is supported by Wipro/Infocrossing. Costs for changes are unknown.

MMAC contracts software is used internally. The software either says "State of Missouri" or it reflects the name of the software so no change is required.

Medicaid system Name changes on letters and reports;

497 Medical Services (MS) online and batch programs  
19 Income Maintenance (IM) online and batch programs and  
86 IM and MS letter overlays

Total 602 modules x 4 hours/module = 2,408 hours

ITSD-DSS Medicaid group would move with their systems under the new DMHN.

10 ITSD staff in the Medicaid group would move to DMHN. ITSD assumes moving the Medicaid systems will in the same manner that was previously used to move the division of Senior Services system from the DSS to the Department of Health. Medicaid will stay in the current DSS environments. No changes to any development or Production libraries will be made. No interfaces with other systems will change and the only changes will be in security, cost accounting, and SAM II. 700 hours is estimated to make these changes.

Total Medicaid hours: 3,228 hours x \$63.04 = Unknown > \$ 203,493 (rounded)

Impact to ITSD-DSS:

DSS would need to create new Memorandums of Understanding (MOUs) with the DMHN and with Department of Mental Health and Health (DMHH). Protected Health Information (PHI) tracking would be required since Medicaid data will be crossing departments. 400 hours estimated assuming 4 jobs at 100 hours each. Interfaces would need to be built between DSS and the DMHN for Family and Children's Electronic System (FACES), MO Eligibility Determination and Enrollment System (MEDES), Missouri Automated Child Support System (MACSS), Division of Youth Services (DYS), and possibly other systems. 1,200 hours – estimate 2 interfaces for each system, at 120 hours each.

There are copy modules for the Personnel system that reflect the DSS divisions and organizations. With several division names going away (Children's Division, Youth Services, etc), those Social Services Personnel programs are impacted. 200 hours estimated.

ASSUMPTION (continued)

All static Internet and intranet pages would need to have header and footer changes to reflect the new Division names. 2,000 hours for internet and intranet changes estimated.

All electronic forms would require changes to the division names. It is assumed DSS changes the forms and ITSD implements to the internet and intranet changes – included in 2,000 hours above.

All applications would require changes to reflect the new Division names:  
1,600 hours - 80+ applications at 200 hours each

Integrate the DHSS systems into DSS including:

Women, Infants and Children (WIC)

Senior and disability services

At-Home Health services

Number of ITDS staff to transfer that support these systems

Unknown Impact - Estimate to come from DHSS

The decision as to how the functions of MEDES/FAMIS (Family Assistance Management Information System) would be supported could have a substantial financial impact as well.

MEDES is an ACA- (Affordable Care Act) compliant, integrated eligibility determination and enrollment system with functions split across several divisions within the Department of Social Services:

- The eligibility determination and case management components of the system are administered by the Family Support Division;
- Enrollment in fee-for-service Medicaid and Managed Care health plans is administered by MO HealthNet Division;  
Some of the cost allocation and financial components support the Division of Financial and Account Services;
- Some financial components, including premiums, invoicing, and bill collections for some Medicaid and CHIP cases, are administered by MO HealthNet Division;
- Appeals management supports the Division of Legal Services;
- There are some over-arching functions that support all of the DSS' agencies; these include security access and account provisioning, audit functions, account numbering (Common Client Area), content management, etc.

Some functions would split between DSS and DMHN, with most of the functions in the Department of Social Services. Enrollment and plan selection components and the financial component that performs premiums processing would likely end up in the Department of MO HealthNet. Because these functions are already split between divisions, most of the cost would

ASSUMPTION (continued)

be associated with account provisioning changes specifically with user-based roles, changes associated with correspondence (headers, director names, etc.), and changes to how costs are allocated for storage, print and CPU usage. Some of the web pages in MEDES may also have changes to reflect the new department and division names. The cost for these changes is unknown.

Total ITSD-DSS hours: 5,400 hours x \$63.04 = Unknown > \$ 340,416.

MHD and Medicaid are split 50% General Revenue (GR) and 50% Federal  
 ITSD-DSS would be 100% General Revenue

| <u>Estimate</u> |                                | Federal    | GR                |
|-----------------|--------------------------------|------------|-------------------|
| MHD             | Unknown > \$ 610,000           | \$ 305,000 | \$ 305,000        |
| Medicaid        | Unknown > \$ 203,493           | \$ 101,747 | \$ 101,746        |
| <u>ITSD-DSS</u> | <u>Unknown &gt; \$ 340,416</u> | <u>\$0</u> | <u>\$ 304,416</u> |
| Total           | Unknown > \$ 1,153,909         | \$ 406,747 | \$ 711,162        |

**Oversight** assumes, for fiscal note purposes, that OA-ITSD will complete changes to the computer systems for the departmental reorganizations in FY15 as the departments will not be able to complete their reorganization duties until the computer system changes have been accomplished.

Officials from the **OA - Facilities Management, Design and Construction (FMDC)** state with the various staffing moves between the various agencies, the effect this would have on the allocated funds in HB 13 within all of the state-owned and leased facilities for these departmental changes is yet to be determined.

This could result in increases or decrease in space depending upon changes of staff. This could also affect the percentage of General Revenue (GR), Federal, and Other State Funds used to pay rent in state-owned and leased facilities.

The minimum cost for these moves/relocations is \$400 per FTE. The fiscal impact is unknown for OA-FMDC.

**Oversight** assumes Unknown savings or costs from changes in the percentages used to allocate costs to GR, Federal, and Other State Funds would continue once the reorganization is completed. Since it is not known when the reorganization will be completed, Oversight will range OA-FMDC's impact from \$0 or Unknown savings to Unknown costs for FY15 and FY16 and Unknown savings to Unknown costs for FY17.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)** state there will be one-time unknown administrative costs associated with the reorganization of departments and divisions. It is unknown if the one-time costs would occur in FY15 or FY16. Some of the administrative costs the Department of Social Services would expect to incur include relocation of employees, causing a need to reconfigure office space, both in state buildings and rented space. This could involve renegotiating leases, as well as physically moving office furniture and equipment. In addition, phone and data lines would need to be relocated. There may also be some training costs for employees transferred to other departments. Until the specific employees to be transferred and the allocation of office space are determined, these costs cannot be fully identified. Therefore, the administrative costs are unknown to General Revenue and Federal funds.

Officials from the **Department of Mental Health (DMH)** state DMH assumes that with any reorganization, some costs and some savings may occur. The fiscal impact is unknown at this time, but it is projected that the overall net fiscal impact of the legislation will be minimal.

Officials from the **Department of Health and Senior Services (DHSS)** state that although the proposal abolishes DHSS, the various duties of the department will be transferred to a newly created Department of MO HealthNet, a renamed Department of Mental Health and Health, and the Department of Social Services. Since all funding and responsibilities will be transferred to other departments, the proposal will have no fiscal impact on the overall state budget.

Officials from the **Missouri Senate** assume the proposal would not fiscally impact their agency.

**Oversight** assumes since the reorganization involves three state departments and may involve relocating an unknown number of employees and physically moving equipment and supplies, that costs would exceed \$100,000 in either FY15 or FY16. Therefore, the administrative fiscal impact of this proposal is assumed to be unknown, greater than \$100,000 for FY15 and/or FY16, but since it is not known when the actual reorganization would occur, costs for both years are ranged from \$0 to Unknown, greater than \$100,000. Oversight further assumes the reorganization would be complete by the end of FY16 and there would be no additional costs in FY17.

Officials from the **Office of the Governor** did not respond to **Oversight's** request for a statement of fiscal impact.

| <u>FISCAL IMPACT - State Government</u>                                      | FY 2015<br>(10 Mo.)   | FY 2016   | FY 2017                                       |
|--|---|---|---|
| <b>GENERAL REVENUE FUND</b>  |   |   |   |
| <u>Costs - OA-ITSD</u>   |   |   |   |
| Departmental reorganization ITSD costs                                       | (Unknown,<br>greater than<br>\$711,162)                               | \$0   | \$0   |
| <u>Costs - OA-FMDC</u>   |   |   |   |
| Department reorganization costs related to state-owned and leased properties | \$0 or Unknown<br>to (Unknown)  | \$0 or Unknown<br>to (Unknown)  | Unknown to<br>(Unknown)                       |
| <u>Costs - DSS, DHSS, and DMH</u>  |   |   |   |
| Departmental reorganization costs  | (\$0 to<br><u>Unknown,</u><br><u>greater than</u><br>\$83,333)        | (\$0 to<br><u>Unknown,</u><br><u>greater than</u><br>\$100,000)                             | <u>\$0</u>                                    |
| <b>ESTIMATED NET EFFECT ON THE<br/>GENERAL REVENUE FUND</b>                  | <b><u>(Unknown,</u><br/><u>could exceed</u><br/><u>\$794,495)</u></b> | <b><u>Unknown to</u><br/><u>(Unknown,</u><br/><u>greater than</u><br/><u>\$100,000)</u></b> | <b><u>Unknown to</u><br/><u>(Unknown)</u></b> |
| <b>VARIOUS OTHER STATE FUNDS</b>   |   |   |   |
| <u>Costs - OA-FMDC</u>   |   |   |   |
| Department reorganization costs related to state-owned and leased properties | <u>\$0 or Unknown</u><br>to (Unknown)                                 | <u>\$0 or Unknown</u><br>to (Unknown)   | <u>Unknown to</u><br>(Unknown)                |
| <b>ESTIMATED NET EFFECT ON<br/>VARIOUS OTHER STATE FUNDS</b>                 | <b><u>\$0 or Unknown</u><br/><u>to (Unknown)</u></b>                  | <b><u>\$0 or Unknown</u><br/><u>to (Unknown)</u></b>  | <b><u>Unknown to</u><br/><u>(Unknown)</u></b> |



| <u>FISCAL IMPACT - State Government</u>                       | FY 2015<br>(10 Mo.)                             | FY 2016  | FY 2017              |
|---|---|--|----------------------|
| <b>FEDERAL FUNDS</b>  |   |  |                      |
| <u>Income - OA-ITSD</u>                                       |   |  |                      |
| Departmental reorganization ITSD cost reimbursements          | Unknown, greater than \$406,747                 | \$0  | \$0                  |
| <u>Income - OA-FMDC</u>                                       |   |  |                      |
| Change in reimbursement for state-owned and leased properties | \$0 or Unknown to (Unknown)                     | \$0 or Unknown to (Unknown)                      | Unknown to (Unknown) |
| <u>Income - DSS, DHSS, DMH</u>                                |   |  |                      |
| Reimbursement income for reorganization costs                 | \$0 to Unknown, greater than \$83,333           | \$0 to Unknown, greater than \$100,000           | \$0                  |
| <u>Costs - OA-ITSD</u>  |   |  |                      |
| Departmental reorganization ITSD cost reimbursements          | (Unknown, greater than \$406,747)               | \$0  | \$0                  |
| <u>Costs - OA-FMDC</u>  |   |  |                      |
| Change in state-owned and leased properties expenditures      | \$0 or Unknown to (Unknown)                     | \$0 or Unknown to (Unknown)                      | Unknown to (Unknown) |
| <u>Costs - DSS, DHSS, DMH</u>                                 |   |  |                      |
| Reimbursement income for reorganization costs                 | (\$0 to <u>Unknown, greater than \$83,333</u> ) | (\$0 to <u>Unknown, greater than \$100,000</u> ) | <u>\$0</u>           |
| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  | <b><u>\$0</u></b>                               | <b><u>\$0</u></b>                                | <b><u>\$0</u></b>    |
| <br>  |   |  |                      |
| <u>FISCAL IMPACT - Local Government</u>                       | FY 2015<br>(10 Mo.)                             | FY 2016  | FY 2017              |
|   | <b><u>\$0</u></b>                               | <b><u>\$0</u></b>                                | <b><u>\$0</u></b>    |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

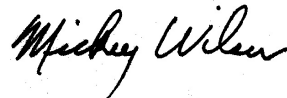
Establishes the Department of MO HealthNet, abolishes the Department of Health and Senior Services, and restructures the Department of Social Services and the Department of Mental Health.

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

SOURCES OF INFORMATION

Department of Mental Health  
Department of Health and Senior Services  
Department of Social Services  
Office of Administration -  
    Facilities Management, Design and Construction  
    Information Technology Services Division  
Missouri Senate

Not responding  
Office of the Governor



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April 25, 2014

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