

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1175-01  
Bill No.: HB 455  
Subject: Medicaid/MO HealthNet; Disabilities; Elderly; Social Services Department  
Type: Original  
Date: February 17, 2017

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Bill Summary: This proposal allows structured family caregiving as a covered service under MO HealthNet, subject to the approval of federal waivers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$117,500)	\$0 to (\$153,775,802)	\$0 to (\$157,785,449)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$117,500)</b>	<b>\$0 to (\$153,775,802)</b>	<b>\$0 to (\$157,785,449)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</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, savings, expenditures and losses \$0 to more than \$412 million annually starting in FY19 and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **§208.896 - Structured Family Caregiving**

Officials from the **Department of Health and Senior Services (DHSS), Division of Senior and Disability Services (DSDS)** provide the following assumptions:

##### **Section 208.896**

The proposed legislation specifies that the Aged and Disabled Waiver (ADW) would have the structured family caregiver service added.

The number of unduplicated participants having paid claims under the Aged and Disabled Waiver in FY2016 was 15,475.

##### **Section 208.896.1**

For fiscal note purposes DSDS assumes structured family caregiving would be available to all of the individuals listed above and that two or more caregivers for each participant would require training. DSDS suspects that additional individuals will opt for structured family caregiver, though an estimate cannot be given at this time, driving an increase in costs.

Changes will be required to the Home- and Community-Based Services (HCBS) web tool system in which HCBS assessments are completed and HCBS authorizations are approved. Using a similar recent change, where an HCBS waiver was added, DSDS estimates the cost to be at least \$200,000, paid at the administrative match rate of 50 percent General Revenue and 50 percent Federal. The changes would be completed in FY2018 in preparation for implementation on July 1, 2018.

##### **Section 208.896.3(4)**

The Aged and Disabled Waiver is capped in aggregate at the cost for providing nursing home services. For fiscal note purposes DHSS calculated the daily rate based on the cost cap amount for HCBS which is \$3,174 per month, or \$104.35 per day ( $\$3,174 \times 12 \div 365 = \$104.35$ ). Because HCBS cannot exceed this rate, this would be the highest amount that could be set as the daily rate. It is important to note that if a participant has structured family caregiver services every day of the year at this rate, they would not be allowed to utilize any other HCBS.

An annual increase in the cost cap rate of 2.75 percent is estimated based on the previous four-year average resulting in a daily rate at implementation in FY2019 of \$110.15 ( $\$104.35 \times 1.0275$  (FY18)  $\times 1.0275$  (FY19) = \$110.15). The estimated daily rate for FY2020 is \$113.17 ( $\$110.15 \times 1.0275 = \$113.17$ ).

ASSUMPTION (continued)

Section 208.896.4(1)

Submission and approval of amendments to the ADW waiver would be required by the Centers for Medicare and Medicaid (CMS) prior to implementation, no later than July 1, 2018. These duties would be absorbed by existing DHSS staff.

Section 208.896.4(2)

DHSS would be required to develop criteria, regulations, and policies for structured family caregiver agencies for staffing, quality, qualification, and training standards. These duties would be absorbed by existing DSDS staff.

Cost of Services

DSDS estimates the cost of structured family caregiver in **FY2019** = ((15,475 participants X 365 days X \$110.15/day = \$622,168,506) + (15,475 participants X 12 months X \$110.00 FMS rate = \$20,427,000)) = **(\$0 to \$642,595,506)**.

DSDS estimates the cost of structured family caregiver in **FY2020** = ((15,475 participants X 365 days X \$113.17/day = \$639,226,599) + (15,475 participants X 12 months X \$110.00 FMS rate = \$20,427,000)) = **(\$0 to \$659,653,599)**.

MO HealthNet covered services are reimbursed at the Federal Medical Assistance Percentage (FMAP). For this estimate, DSDS is using the FY2018 blended rate of 35.740 percent General Revenue and 64.260 percent Federal.

	Unduplicated Participants Authorized	FY2019 Family Caregiver Daily Rate	FY2019 Estimated Annual Cost	FY2020 Family Caregiver Daily Rate	FY 2020 Estimated Annual Cost
ADW	15,475	\$110.15	\$622,168,506	\$113.17	\$639,226,599
GR			\$222,363,024		\$228,459,586
FED			\$399,805,482		\$410,767,013

	Unduplicated Participants Authorized	FY2019 Financial Management Services (FMS) Monthly Rate	FY2019 Estimated Annual Cost	FY2020 Financial Management Services Monthly Rate	FY 2020 Estimated Annual Cost
ADW	15,475	\$110.00	\$20,427,000	\$110.00	\$20,427,000
GR			\$7,300,610		\$7,300,610
FED			\$13,126,390		\$13,126,390

ASSUMPTION (continued)

Offsetting Savings

Since the daily rate for structured family caregiver would be the maximum amount per participant per day, there would be waiver services participants could no longer use. The estimated average annual cost per participant for FY2016 for the ADW Waiver was used to calculate the FY2017 cost for waiver services. That FY2017 cost was then multiplied by the average annual growth in the cost cap of 2.75 percent for FY2018, FY2019, and FY2020.

ADW

FY2016 ADW ANNUAL EXPENDITURES = \$195,735,629

FY2016 ADW UNDUPLICATED PARTICIPANTS = 15,475

FY2016 ADW AVERAGE ANNUAL COST PER PARTICIPANT =  $\$195,735,629 / 15,475 = \$12,648.57$ .

FY2018:  $\$12,648.57 \times 15,475$  participants = \$195,736,629 (FY16) X 1.0275 (FY17) X 1.0275 (FY18) = \$206,650,169 savings

FY2019:  $\$206,650,169 \times 1.0275$  (FY19) = \$212,333,049 savings

FY2020:  $\$212,333,049 \times 1.0275$  (FY20) = \$218,172,208 savings

The FY2017 blended rate of 35.740 percent General Revenue and 64.260 percent Federal was applied to the total estimated cost waiver services for FY2019 and FY2020. This is the amount of the maximum estimated savings.

	Unduplicated Participants Authorized	FY 2019 Estimated Waiver Savings	FY 2020 Estimated Waiver Savings
ADW	15,475	\$212,333,049	\$218,172,208
GR		\$75,887,832	\$77,974,747
FED		\$136,445,217	\$140,197,461

Net Effect

Federal matching funds would be utilized as offset for 64.260 percent of the costs. For the purposes of this estimate, the number of unduplicated participants authorized in each waiver has no caseload growth factor applied. However, DSDS assumes that there will be growth in some, if not all of these waivers. Using the static number of 15,475 waiver participants, the net effect is:

ASSUMPTION (continued)

	FY 2019			FY 2020		
	GR	FED	TOTAL	GR	FED	TOTAL
<b>Estimated Cost</b>	(\$229,663,634)	(\$412,931,872)	(\$642,595,506)	(\$235,760,196)	(\$423,893,403)	(\$659,653,599)
<b>Maximum Savings</b>	\$75,887,832	\$136,445,217	\$212,333,049	\$77,974,747	\$140,197,461	\$218,172,208
<b>Subtotal</b>	(\$153,775,802)	(\$276,486,655)	(\$430,262,457)	(\$157,785,449)	(\$283,695,942)	(\$441,481,391)
<b>Federal Match</b>		\$276,486,655	\$276,486,655		\$283,695,942	\$283,695,942
<b>Net Effect</b>	(\$153,775,802)	\$0	(\$153,775,802)	(\$157,785,449)	\$0	(\$157,785,449)

**TOTAL COST**

DSDS is unable to determine the exact cost of the proposal due to the following unknown factors:

- if CMS would approve waiver amendments to add structured family caregiver;
- the number of participants who would opt for structured family caregiver;
- the amount of units of structured family caregiver each participant would use;
- the number of additional participants who would be added to the ADW waiver;
- the number of providers who would participate as structured family caregiver agencies; and
- the number of individuals each provider would have participate in train-the-trainer programs.

Therefore, the estimated fiscal impact to General Revenue for this fiscal note is (\$100,000) General Revenue (GR) in FY2018; (\$0 to \$153,775,802) GR in FY2019 and (\$0 to \$157,785,449) GR in FY2020.

Officials from the **Department of Social Services (DSS)**, **MO HealthNet Division (MHD)** and **Division of Legal Services (DLS)** state this bill adds structured family caregiving as a covered service under MO HealthNet, subject to the approval of federal waivers by July 1, 2018.

**MHD** provides that services in the Aged and Disabled Waiver are paid via DHSS budget. MHD assumes structured family caregiving services will be paid via the DHSS budget as well. It is also assumed that DHSS will be the operating agency for the service/program. The staffing for the program, evaluation, assessment, and policy and procedure development will be DHSS.

This bill requires MHD to seek amendments to a HCBS waiver to allow structured family caregiving to become a covered service. MHD assumes new provider types will need to be added in order to properly track and report this new service. This will be completed by Medicaid Management Information Systems (MMIS) and Wipro (IT services consulting firm). It is

ASSUMPTION (continued)

estimated these changes will require 500 hours of work. Other costs include adding the new service to Cognos (data reporting tool), finance reports and Centers for Medicare and Medicaid Services (CMS) reports which accounts for 100 hours of work. There will also need to be a System Task Request (STR) completed through Wipro in order for system changes to occur which is an additional 100 hours of work. The total time to make this changes is 700 hours. MHD uses \$100/hour to account for the changes and updates. This will cost MHD \$70,000 (75%/25% split GR and Federal). There are no ongoing costs for MHD.

**DLS** will defer to fiscal note prepared by MO HealthNet for any fiscal impact to MO HealthNet.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Savings - DHSS (§208.896)</u>			
Reduction in HCBS waiver services	\$0	\$0 to \$75,887,832	\$0 to \$77,974,747
<u>Costs - DHSS (§208.896)</u>			
Webtool changes	(\$100,000)	\$0	\$0
Structured family caregiver services	<u>\$0</u>	<u>\$0 to</u>	<u>\$0 to</u>
		(\$229,663,634)	(\$235,760,196)
Total <u>Costs - DHSS</u>	<u>(\$100,000)</u>	<u>\$0 to</u> <u>(\$229,663,634)</u>	<u>\$0 to</u> <u>(\$235,760,196)</u>
<u>Costs - DSS (§208.896)</u>			
MMIS system changes	<u>(\$17,500)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$117,500)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$153,775,802)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$157,785,449)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DHSS (§208.896)</u>			
Reimbursement for Webtool updates	\$100,000	\$0	\$0
Reimbursements for structured family caregiver services	\$0	\$0 to \$412,931,872	\$0 to \$423,893,403
<u>Income - DSS (§208.896)</u>			
Reimbursement for MMIS system changes	\$52,500	\$0	\$0
<u>Savings - DHSS (§208.896)</u>			
Reduction in HCBS waiver expenditures	<u>\$0</u>	<u>\$0 to</u> <u>\$136,445,217</u>	<u>\$0 to</u> <u>\$140,197,461</u>
Total <u>All Income and Savings</u>	<u>\$152,500</u>	<u>\$0 to</u> <u>\$549,377,089</u>	<u>\$0 to</u> <u>\$564,090,864</u>



<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>FEDERAL FUNDS (continued)</b>			
<u>Costs - DHSS (\$208.896)</u>			
Webtool updates	(\$100,000)	\$0	\$0
Structured family caregiver services	\$0	\$0 to (\$412,931,872)	\$0 to (\$423,893,403)
<u>Costs - DSS (\$208.896)</u>			
MMIS system update expenditures	(\$52,500)	\$0	\$0
<u>Loss - - DHSS (\$208.896)</u>			
Reduction in HCBS waiver reimbursements	\$0	\$0 to (\$136,445,217)	\$0 to (\$140,197,461)
Total <u>All Costs and Losses</u>	<u>(\$152,500)</u>	<u>\$0 to (\$549,377,089)</u>	<u>\$0 to (\$564,090,864)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (10 Mo.)	 FY 2019	 FY 2020
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small businesses that provide Home- and Community-Based Services (HCBS) may see a decrease in the number of participants they serve.

FISCAL DESCRIPTION

This bill adds structured family caregiving to the MO HealthNet Program to ensure the availability of comprehensive and costeffective choices for a MO HealthNet participant to live at home in the community of his or her choice and to receive support from a caregiver of his or her choice. Structured family caregiving must be added as a covered home- and community-based waiver service in the Missouri aged and disabled adult waiver, subject to federal approval of any

FISCAL DESCRIPTION (continued)

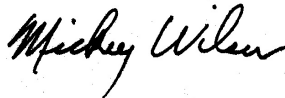
amendments to the home- and community-based waiver and the independent living waiver which are necessary to implement these provisions.

The bill specifies what the added structured family caregiving service must include. Within 90 days of the effective date of these provisions, the Department of Social Services must, if necessary to implement the provisions of this section, apply to the United States Secretary of Health and Human Services for an amendment to the aged and disabled adult waiver and the independent living waiver for the purpose of including structured family caregiving as a covered service for eligible home- and community-based waiver care participants. The division must request an effective date of not later than July 1, 2017, and must take all administrative actions necessary to ensure time and equitable availability of structured family caregiving services for any home- and community-based care participant.

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 Health and Senior Services  
Department of Social Services -  
    MO HealthNet Division  
    Division of Legal Services  
Joint Committee on Administrative Rules  
Office of Secretary of State



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