

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4909-03  
Bill No.: SJR 60  
Subject: Constitutional Amendments; Health Care; Insurance - Health; Medicaid/MO HealthNet; Public Assistance; Social Services Department  
Type: Original  
Date: February 25, 2020

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Bill Summary: This proposal enacts provisions relating to health care, including health insurance and MO HealthNet.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue*	\$0 or (\$8,413,757)	\$0 or \$897,120	\$0 or \$1,337,740
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (\$8,413,757)</b>	<b>\$0 or \$897,120</b>	<b>\$0 or \$1,337,740</b>

\* High end of range is based on a special election being held.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Federal Reimbursement Allowance (FRA) (0142)*	\$0 or \$0 to \$185,915,508	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0 or \$0 to \$185,915,508</b>	<b>\$0</b>	<b>\$0</b>

\* High end of range is full potential savings of the proposed legislation to the FRA Fund.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 18 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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, costs and losses \$0 or \$0 to could exceed approximately \$5 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	0 FTE	0 or 2 FTE	0 or 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 FTE</b>	<b>0 or 2 FTE</b>	<b>0 or 2 FTE</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>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<b>Local Government*</b>	<b>\$0*</b>	<b>\$0</b>	<b>\$0</b>
<b>Local Government - Hospitals**</b>	<b>\$0 or \$0 to (\$185,915,508)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

\*Potential special election costs (if called by the Governor) offset by state reimbursements net to zero.

\*\* High end of range is full potential losses of the proposed legislation to health care providers.

## **FISCAL ANALYSIS**

### **ASSUMPTION**

**Oversight** notes the provisions of this proposal are subject to a vote of the people. In the event the proposal does not pass, the provisions would not be implemented and the fiscal impact would be \$0. Therefore, for fiscal note purposes, all costs will be ranged as “\$0 or...” for the appropriate agency and fund.

### **Missouri Constitution Article XIV, Section 2**

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** assume no impact from the proposed addition to the Missouri Constitution, to be known as article XIV, Section 2, as this legislation does not require programmatic or system changes.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the no fiscal impact assumed by MHD for this section for fiscal note purposes.

### **Missouri Constitution Article XIV, Section 3**

**MHD** assumes no impact from the proposed addition to the Missouri Constitution, to be known as article XIV, Section 3, as this legislation does not require programmatic or system changes.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the no fiscal impact assumed by MHD for this section for fiscal note purposes.

### **Missouri Constitution Article XIV, Section 4**

**MHD** states the proposed addition to the Missouri Constitution, to be known as article XIV, Section 4, may reduce the amount of Direct Medicaid payments to certain health care providers. Appropriations authority for the state share of Direct Medicaid payments have historically come from the Federal Reimbursement Assessment fund (FRA). Reductions in FRA derived payments may result in an increased FRA fund balance initially. The initial increase in FRA fund balance could be available in part or in whole to allow for payments for other existing services and/or other payment methodologies (for example, value based payment arrangements based on participant health outcomes). Alternatively, the hospital provider tax assessment could be reduced to lower the FRA fund balance. Reductions to hospital revenue may result in overall lower tax assessment which may reduce overall FRA funding in later years.

The potential impact to the FRA fund for this bill depends on a variety of scenarios which could range between no impact and an estimated savings up to \$185,912,508 in the first year.

ASSUMPTION (continued)

**Oversight** notes DSS assumes a savings of \$0 to \$185,912,508 as a result of the provisions of this proposal. Based on discussions with DSS officials, Oversight learned the basis of this estimate is information reported by the hospitals on a cost report. The number of service days are provided and utilized in the payment methodology outlined in state regulation 13 CSR 70 Chapter 15. The out of state hospital payments in FY 2019 were \$185,912,508, which includes the state share and the federal match. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the savings provided by DSS as \$0 or \$0 to \$185,912,508 for fiscal note purposes.

**Oversight** also notes the FRA program funds reimbursement of hospital services and the hospital portion of the managed care premiums provided to MO HealthNet participants and the uninsured. The FRA program serves as a General Revenue equivalent by supplementing payments for the cost of providing care to Medicaid participants under Title XIX of the Social Security Act, and to the uninsured. Under the provisions of §208.465, the unexpended balance shall not revert to the General Revenue Fund, but shall accumulate from year to year.

In response to similar legislation, officials from the **University of Missouri Health Care** have determined that, as written, the proposed legislation will create additional expenses in excess of \$100,000 annually.

**Oversight** does not have any information to the contrary. Because officials from the University of Missouri Health Care did not provide an estimate of the specific amount of expected losses, Oversight will reflect the costs provided by University of Missouri Health Care as unknown for fiscal note purposes.

**Oversight** assumes a reduction in reimbursement from the FRA would result in a loss of income to healthcare providers. While DSS states the hospital provider tax could be reduced to lower the FRA balance, thereby offsetting some of the reimbursement losses, there is no provision for that in the proposed legislation. Therefore, Oversight assumes the collective fiscal impact on healthcare providers would be \$0 or \$0 to (\$185,912,508) in FY 2021 and \$0 or (Unknown) in subsequent fiscal years.

Missouri Constitution Article XIV, Section 5

Officials from the **DSS, Family Support Division (FSD), Income Maintenance (IM)** state the proposed addition to the Missouri Constitution, to be known as article XIV, Section 5, implements a monthly 80-hour work requirement into MO HealthNet programs. Participant ages 19 to 64 not meeting an exemption under §208.185.2, or a good cause exemption under §208.185.3, are ineligible for MO HealthNet for Families (MHF) unless they are working, participating in a work program, volunteering, or any combination of work activities for at least 80 hours per month.

ASSUMPTION (continued)

Adults ages 19-64 on Medicaid for Families	66,104
Less individuals on SNAP or TANF not subject to work requirement under this legislation	(42,310)
Less caregivers for children under 6, disabled adult, or disabled child	(15,446)
Less individuals already determined disabled	(596)
Less individuals with earned income already meeting the work requirement	(3,071)
Number potentially subject to work requirement under this legislation	4,681
FSD assumes an additional 25% will reapply for Medicaid due to a disability	(1,170)
Estimated number of individuals that will be subject to the work requirement	3,511
FSD estimates 35% will comply with work requirements*	1,229
FSD estimates 65% will not comply and lose Medicaid	2,282

\*FSD made this determination based on the average work participation rate of the mandatory work requirements for Temporary Assistance (TA) and Supplemental Nutrition Assistance Program (SNAP).

As of November 30, 2019, there were 66,104 adult individuals ages 19-64 who were receiving MO HealthNet for Families coverage. Of those 66,104 individuals, 42,310 were also receiving Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) benefits. In order to receive SNAP or TANF benefits, these individuals must either meet current SNAP or TANF work requirements or be exempted from participating in SNAP or TANF work requirements. Individuals who receive SNAP or TANF benefits and are exempt from the work requirements of those programs are also exempt from the work requirements for MHF. Therefore, of the 66,104 MHF individuals, 23,794 (66,104 - 42,310) would be remaining that are not currently provided work services or exempt from work requirements through another program.

The remaining individuals are required to comply with work requirements under this legislation unless they meet one of the following exemptions: pregnant individuals; all caregivers of a child under age six, a disabled child, or a disabled adult; and individuals with a disability, as defined in this legislation. Of those 23,794, there are 15,446 individuals identified as caregivers and 596 identified as disabled.

ASSUMPTION (continued)

It was determined the remaining 7,752 (23,794 - 15,446 - 596) includes 3,071 individuals with earned income. FSD made the assumption those individuals are already meeting work requirements and the total number impacted was reduced by this amount. Therefore, the total number of individuals remaining that would potentially be affected by MHF work requirements would be 4,681 (7,752 - 3,071).

FSD assumes 25% of the population affected by MHF work requirements will reapply to be served under another MO HealthNet program for a total of 1,170 (4,681 \* 25%). The remaining 3,511 (4,681 - 1,170) will be subject to the MHF work requirements proposed in this legislation. Of those 3,511, FSD assumes that 35% will comply with work requirements for a total of 1,229 (3,511 \* 35%) and 65% will lose benefits for non-compliance for a total of 2,282 (3,511 \* 65%). Therefore, a total of 2,282 individuals are expected to lose MHF benefits as a result of this legislation.

FSD estimates the total contracted expenditures could be as much as \$1,229,000 (1,229 \* \$1,000) to administer the work program. FSD estimates an additional 1 FTE will be needed, including 1 Program Development Specialist (PDS) (1,229/1,745 cases per FTE = 1 rounded up).

**Oversight** notes the salary presented by DSS for a PDS position is \$53,370 annually. Using information provided in the Missouri Accountability Portal, Oversight found the average actual salary paid to PDS staff in 2019 was \$43,154.38 annually. Oversight assumes that DSS will be able to hire one PDS for \$45,000 annually. Oversight will reflect the recalculated salary and fringe benefits amount in the fiscal impact for purposes of this fiscal note.

**FSD** estimated the number of impacted individuals as follows:

Adults on SNAP and Medicaid for Families	42,118
Less individuals under 19 or over 64	(229)
Less caregivers for children under 6 or pregnant	(23,010)
Less individuals already determined disabled	(508)
Less individuals with earned income already meeting the work requirement	(4,938)
Number potentially subject to work requirement	13,433
FSD estimates 35% will comply with work requirements*	4,702
FSD estimates 65% will not comply and lose Medicaid	8,731

\*FSD made this determination based on the average work participation rate of the mandatory work requirements for Temporary Assistance (TA) and Supplemental Nutrition Assistance Program (SNAP).

ASSUMPTION (continued)

**FSD** states, under current SNAP work requirements, all participants that receive MHF and SNAP would be exempt from MHF work requirements. However, if the SNAP work requirements for able bodied adults with children currently proposed are implemented, it is estimated 13,433 individuals would no longer receive an exemption and could potentially be affected by MHF work requirements. The number of individuals affected by the MHF work requirements is higher than the number of individuals affected by SNAP work requirements because the proposed SNAP work requirements affect individuals age 19-59, while the proposed MHF work requirements affect individuals age 19-64. It is assumed that 65% of that population would lose benefits as a result of non-compliance for a total of 8,731 ( $13,433 * 65\%$ ). This population is not included in the impact of this legislation because they were already included under the MHF work requirements assumptions and calculations.

Additional system programming will be needed to integrate work program compliance information, program sanctions, and alert staff when participants become age eligible and/or ineligible for work requirements so that a review for other possible exemptions can be made. FSD defers to the Office of Administration (OA), Information Technology Services Division (ITSD) for any costs associated with system changes.

On January 11, 2018, the Centers for Medicare and Medicaid Services (CMS) released new policy guidance for states to test community engagement for able-bodied adults through 1115 Demonstration Waivers. This guidance supports the alignment of Medicaid work requirements with those of Temporary Assistance (TA) and SNAP. CMS suggests that states follow TA and SNAP work requirement programs when considering exempted populations, protections for the disabled, allowable activities, enrollee reporting requirements, and the availability of transportation and child care for participants. With such an alignment, CMS states that participants and exempt persons in TA and SNAP work programs should automatically be considered as complying with Medicaid work requirements. This guidance outlines that Medicaid work requirements will be implemented with General Revenue money.

DSS would request a waiver from CMS to implement the provisions of this legislation. FSD estimates that it would take approximately a year to obtain CMS approval of the waiver. Due to the time it takes to obtain the waiver, implementation of the work requirements could not begin until July 1, 2021.

The **Division of Legal Services (DLS)** will require 1 additional Hearings Officer (\$53,370 annually) as DSS is making a decision to take a participant off assistance and the participant has administrative appeal rights and can request a hearing. There are 2,282 people who may lose assistance and have the right to request a hearing.

ASSUMPTION (continued)

**FSD** assumes the projected FSD administrative costs from this section will be offset by the savings to overall Medicaid coverage costs.

Approximately 4,681 individuals would be potentially affected by Modified Adjusted Gross Income (MAGI) work requirements and required to comply with these work requirements.

Of those 4,681 individuals, FSD estimated that 1,170 individuals ( $4,681 * 25\%$ ) are expected to reapply under other MHD programs, leaving up to 3,511 ( $4,681 - 1,170$ ) who could be now ineligible/lose coverage for MO HealthNet. Since MO HealthNet would be losing participants, or no longer signing up certain new applicants, MHD assumes a positive fiscal impact with fewer people to cover. FSD found that all of these individuals would fall under the MO HealthNet for Families (MHF) category. For MHF, MHD took an average of the payments that these individuals have through the Managed Care program to find a per member per month (PMPM) average of \$278.61.

MHD assumes any savings will be a range for participants who are not currently meeting the work requirements. Because it is unknown how many will comply, MHD will use a percentage of 35% of the 3,511 individuals to gather an approximate number of individuals that would comply with this legislation. Therefore, 2,282 ( $3,511 * 65\%$ ) individuals will lose eligibility for MO HealthNet if the provisions of this bill are enacted, for a total cost savings of \$7,629,466 ( $2,282 * \$278.61 * 12$  months). A 5.1% inflation rate was used for FY23. There, MHD estimates an annual savings as follows:

FY21 - no savings assumed in FY21 due to the time it takes to be granted the waiver and implementation of the work requirements. (Savings will begin July 1, 2021).

FY22-Total \$7,629,466 (GR: \$2,660,166; Federal: \$4,969,300)

FY23-Total \$8,018,568 (GR: \$2,795,834; Federal: \$5,222,734)

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the costs and savings provided by DSS for fiscal note purposes.

**Oversight** notes DSS assumes it will need a total of 2 new FTE (1 PDS; 1 Hearings Officer) as a result of the provisions of this proposal. Based on discussions with DSS officials, it is assumed the additional FTE can be housed within current DSS locations. Oversight assumes DSS will not require leasing or associated costs for these FTE. However, if multiple proposals pass during the legislative session requiring additional FTE, cumulatively the effect of all proposals passed may result in the DSS needing additional rental space.



## ASSUMPTION (continued)

Officials from **OA, ITSD/DSS** state the Family Assistance Management Information System (FAMIS) will need to create new screens to capture the necessary data elements to determine eligibility. A new eligibility determination factor will need to be created. The new determination factor will result in new forms or changes to existing forms as well as new reports. In addition, several new batch jobs will need to be created.

As this functionality does not currently exist in FAMIS, existing infrastructure available now for the SNAP/TA programs could possibly be used, but additional work will be required. The methodology used to arrive at the fiscal impact was to review previous work efforts where functionality did not exist where new forms/changes to forms/new batch jobs and new reports were required.

In addition, it is assumed changes for the Missouri Eligibility Determination and Enrollment System (MEDES) will be required.

MEDES establishes and manages ongoing Medicaid and Children's Health Insurance Program (CHIP) eligibility for families based on MAGI criteria set forth by the Patient Protection and Affordable Care Act of 2010. The proposed legislation would create an additional eligibility factor in the form of work requirements for adults that may receive Medicaid coverage under the MHF program (i.e. Title XIX Medicaid Eligibility).

ITSD/DSS assumes the new functionality will leverage the existing Missouri Work Assistance (MWA) system which is used for the tracking and stakeholder information sharing for TA program. This will minimize the required changes to MEDES by adding to the existing work requirement tracking and management processes currently employed by the SNAP and the TA program.

Minimally, new functionality needed in MEDES, assuming DSS will use the MWA system, would include: additional screens in Curam for the referral process; new web pages to enter work and community engagement requirement/status codes, exemption status and sanction status; interface between MWA and MEDES for referrals and to display participation status, job search status, employment status, number of hours worked, cooperating/not cooperating with work requirements, etc.; new batch jobs; additional database tables and/or fields; additional/updated notices to participants; new rules and changes to existing rules in the Curam Express Rules (CER) engine; and multiple tracking and management reports.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at \$95/hour. It is assumed FAMIS modifications will require 1,080 hours for a cost of \$102,600 (1,080 \* \$95), split 53% GR; 47% Federal.

ASSUMPTION (continued)

Modifications for the MEDES system must be performed by Redmane. Hourly IT costs under this contract are estimated at \$168.30/hour and it is estimated to take 5,275.8 hours for a total cost of \$559,379 (100% GR) in FY 21 and \$328,539 (100% GR) for FY 22.

Therefore, total FAMIS and MEDES system upgrades will cost \$661,979 (FY 21- \$613,757 GR; \$48,222 Federal) and \$328,539 (FY 22 - \$328,539 GR).

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by ITSD/DSS for fiscal note purposes.

Officials from the **Department of Mental Health** state this proposal requires certain MO HealthNet participants ages nineteen to sixty four to comply with work and community engagement requirements in order to remain eligible for MO HealthNet benefits, unless such participant is otherwise exempt from such requirements. Work and community engagement requirements shall include at least eighty hours each month.

The work and community engagement requirements under this section shall not apply to a participant who is:

- Under the age of nineteen or over the age of sixty-four;
- Medically frail, including individuals: with disabling mental disorders; with serious and complex medical conditions; with a physical, intellectual, or developmental disability that significantly impairs their ability to perform one or more activities of daily living; or with a disability determination based on criteria under the Social Security Act, including a current determination by the Department of Social Services that he or she is permanently or totally disabled;
- Pregnant or caring for a child under the age of one;
- A primary caregiver of a dependent child or adult; provided, that not more than one participant may claim primary caregiver status in a household; or
- A participant who is also a participant of temporary assistance for needy families or the supplemental nutrition assistance program and who is exempt from the work requirements of either of those programs.

In order that work and community engagement requirements shall not be impossible or unduly burdensome for participants, DSS may permit further exemptions from the work and community engagement requirements under this section in areas of high unemployment, limited economies or educational opportunities, or lack of public transportation or for good cause. Good cause is also defined within this section.

ASSUMPTION (continued)

The exemptions to the work and community engagement requirements appear to carve out the DMH populations for those that are determined to be permanently or totally disabled including those within Division of Behavioral Health and Division of Developmental Disability. It does not appear to carve out the DMH population of those in substance abuse treatment programs. DMH assumes participants in the substance abuse treatment programs will meet the work requirement criteria and still qualify for Medicaid. If this is the case, DMH assumes no impact.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the no fiscal impact assumed by DMH for fiscal note purposes.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Public Safety (DPS), Missouri Highway Patrol (MHP)** defer to the MoDOT/MSHP Medical Plan for its response.

**Oversight** notes MHP's deferral to the MoDOT/MSHP Medical Plan for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for MHP.

Officials from the **Office of 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs.

However, 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 our office can sustain with our core budget. Therefore, 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.

Each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly.

ASSUMPTION (continued)

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7.8 million based on the cost of the 2016 Presidential Preference Primary.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. Funding for this item is adjusted each year depending upon the election cycle. A new decision item is requested in odd numbered fiscal years and the amount requested is dependent upon the estimated number of ballot measures that will be approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2014, the General Assembly changed the appropriation so that it was no longer an estimated appropriation.

In FY19, over \$5.8 million was spent to publish the full text of the measures for the August and November elections. The SOS estimates \$65,000 per page for the costs of publications based on the actual cost incurred for the one referendum that was on the August 2018 ballot.

The Secretary of State's office will continue to assume, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. Because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly again change the amount or continue to not designate it as an estimated appropriation.

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2021. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2020 and the next scheduled general election is in November 2020 (FY 2021 for both). It is assumed the subject within this proposal could be on one of these ballots; however, it could also be on a special election called for by the Governor (a different date). Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2021.

ASSUMPTION (continued)

**Oversight** notes the **Attorney General's Office**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services**, the **Department of Higher Education and Workforce Development**, the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of Administration, Commissioner's Office** and the **Columbia/Boone County Department of Public Health and Human Services** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local public health agencies and hospitals were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>GENERAL REVENUE FUND</b>			
<u>Savings</u> - DSS (Section 5)			
Reduction in state share of MO HealthNet expenditures p. 8	\$0	\$0 or \$2,660,166	\$0 or \$2,795,834
<u>Transfer Out</u> - Local Election Authorities the cost of the special election <b>if</b> called for by the Governor pp. 11-12	\$0 or (\$7,800,000)	\$0	\$0
<u>Costs</u> - DSS (Section 5)		\$0 or...	\$0 or...
Personal Service pp. 6-8	\$0	(\$99,354)	(\$100,347)
Fringe benefits	\$0	(\$56,035)	(\$56,365)
Equipment and expense	\$0	(\$19,393)	(\$10,164)
Contract costs p. 6	\$0	<u>(\$1,259,725)</u>	<u>(\$1,291,218)</u>
Total <u>Costs</u> - DSS	\$0	<u>(\$1,434,507)</u>	<u>(\$1,458,094)</u>
FTE Change - DSS	0 FTE	0 or 2 FTE	0 or 2 FTE
<u>Costs</u> - OA, ITSD (Section 5)	\$0 or...	\$0 or...	\$0 or...
FAMIS system changes pp. 9-10	(\$54,378)	\$0	\$0
MEDES system changes pp. 9-10	<u>(\$559,379)</u>	<u>(\$328,539)</u>	<u>\$0</u>
Total <u>Costs</u> - OA, ITSD	<u>(\$613,757)</u>	<u>(\$328,539)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0 or</u> <u>(\$8,413,757)</u></b>	<b><u>\$0 or \$897,120</u></b>	<b><u>\$0 or</u> <u>\$1,337,740</u></b>
Estimated net FTE Change on the General Revenue Fund	0 FTE	0 or 2 FTE	0 or 2 FTE
<b>FEDERAL REIMBURSEMENT ALLOWANCE FUND (0142)</b>			
<u>Savings</u> - DSS (Section 4) - Reduction in Direct Medicaid payments pp. 3-4	<u>\$0 to</u> <u>\$185,915,508</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE FEDERAL REIMBURSEMENT ALLOWANCE FUND</b>	<b><u>\$0 to</u> <u>\$185,915,508</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>FEDERAL FUNDS</b>			
<u>Income</u> - OA, ITSD (Section 5)			
Reimbursement for FAMIS system updates pp. 9-10	\$0 or \$48,222	\$0	\$0
<u>Savings</u> - DSS (Section 5)	\$0 or...	\$0 or...	\$0 or...
Reduction in program expenditures for MO HealthNet recipients p. 8	\$0	\$4,969,300	\$5,222,734
<u>Costs</u> - OA, ITSD (Section 5)	\$0 or...		
FAMIS system changes pp. 9-10	(\$48,222)	\$0	\$0
<u>Loss</u> - DSS (Section 5)	\$0 or...	\$0 or...	\$0 or...
Reduction in program expenditure reimbursement for MO HealthNet recipients p. 8	<u>\$0</u>	<u>(\$4,969,300)</u>	<u>(\$5,222,734)</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 2021 (10 Mo.)	 FY 2022	 FY 2023
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In</u> - to Local Election Authorities the cost of a special election pp. 11-12	\$0 or \$7,800,000	\$0	\$0
<u>Cost</u> - Local Election Authorities the cost of the special election <b>if</b> called for by the Governor pp. 11-12	<u>\$0 or (\$7,800,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2021  
 (10 Mo.)

FY 2022

FY 2023

**LOCAL GOVERNMENTS -  
 HOSPITALS**

Losses - Hospitals (Section 4)-  
 Reduction in Direct Medicaid  
 reimbursements pp. 3-4

\$0 to  
(\$185,915,508)

\$0 or  
(Unknown)

\$0 or  
(Unknown)

**ESTIMATED NET EFFECT ON  
 LOCAL GOVERNMENTS -  
 HOSPITALS**

\$0 to  
(\$185,915,508)

\$0 or  
(Unknown)

\$0 or  
(Unknown)

FISCAL IMPACT - Small Business

Missouri Constitution Article XIV, Section 4 provisions of the proposal could negatively impact some smaller health care providers or clinics that could lose FRA funds.

Missouri Constitution Article XIV, Section 5 provisions could have a direct, negative fiscal impact on small health care providers or clinics that accept MO HealthNet payments if recipients lose benefits because of not meeting the work requirements of the proposal. Yet it also may help small businesses that are looking for qualified applicants to fill vacant employment positions.

FISCAL DESCRIPTION

This constitutional amendment, if adopted by the voters, prohibits health benefit plans from imposing preexisting condition exclusions. Additionally, health benefit plans, including dental or vision plans, offering coverage to dependent children shall continue to offer coverage to the dependent child until the child reaches the age of 26.

Under this amendment, any medical assistance provided under Medicaid shall be subject to appropriations made by the General Assembly for that express purpose and no provisions in the Constitution shall convey any rights, expectations, or entitlements to such benefits in the absence of such appropriations.

Additionally, the state shall not provide any payments, add-ons, or reimbursements to health care providers through Medicaid for medical assistance services to persons who are not considered Missouri residents under federal Medicaid regulations.



### FISCAL DESCRIPTION (continued)

Finally, this amendment requires able-bodied adult Medicaid participants, ages 19 to 64, to participate in work and community engagement requirements. Participants shall complete at least 80 hours a month of any combination of specified work, education, job search, child care, and volunteer services. The Department of Social Services shall provide reasonable accommodations for individuals with disabilities who are not otherwise exempt from the work and community engagement requirements under this amendment to ensure that the participants are able to comply with the requirements, including exemptions, modifications of hours, and the provision of necessary support services. Medicaid participants who shall not be required to comply with the work and community engagement requirements include: (1) those under 19 and over 64; (2) those who are medically frail, as defined in the amendment, including those with certain disabilities; (3) those who are pregnant or caring for a child under one year of age; (4) those who are primary caregivers of a dependent child under the age of six or a dependent adult; and (5) those who are also participants of Temporary Assistance for Needy Families or the Supplemental Nutrition Assistance Program and are exempt from work requirements under those programs. The Department may permit further exemptions in areas of high unemployment, limited economies or educational opportunities, or lack of public transportation, or for good cause, as defined in this amendment.

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

Attorney General's Office  
Department of Commerce and Insurance  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Higher Education and Workforce Development  
Department of Mental Health  
Department of Public Safety - Missouri Highway Patrol  
Department of Social Services  
Missouri Consolidated Health Care Plan  
Missouri Department of Conservation  
Missouri Department of Transportation  
Office of Administration

SOURCES OF INFORMATION (continued)

Office of Secretary of State  
Columbia/Boone County Department of Public Health and Human Services  
University of Missouri Health Care



Julie Morff  
Director  
February 25, 2020



Ross Strobe  
Assistant Director  
February 25, 2020