

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4343S.01I
Bill No.: SB 698
Subject: Health Care; Medicaid/MO HealthNet; Public Assistance; Department of Social Services
Type: Original
Date: January 3, 2022

Bill Summary: This proposal modifies provisions relating to MO HealthNet services for pregnant and postpartum women.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	FY 2026
General Revenue	(\$98,736)	(\$43,111)	(\$6,518,012)	(\$10,373,262)
Total Estimated Net Effect on General Revenue	(\$98,736)	(\$43,111)	(\$6,518,012)	(\$10,373,262)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	FY 2026
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

*Income and expenses are estimated at \$20 million annually beginning in FY 2026 and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	FY 2026
General Revenue	0	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	0	1 FTE	1 FTE	1 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§208.151 and 208.662 - 12 month post-partum coverage for MPW and SMHB participants

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** state this proposal amends §208.151 to extend pregnancy-related and postpartum coverage from the last day of the month that includes the sixtieth day to one year after the pregnancy ends for individuals receiving MO HealthNet for Pregnancy (MPW) effective April 1, 2022. DSS shall submit a state plan amendment to the Centers for Medicare and Medicaid Services within sixty days of the effective date of this act.

Subsection 208.662.6 is amended to extend pregnancy-related and postpartum coverage from the last day of the month that includes the sixtieth day to one year after the pregnancy ends for individuals receiving Show Me Healthy Babies (SMHB).

Beginning April 1, 2022, sections 9812 and 9822 of The American Rescue Plan Act of 2021 (ARPA) give states the option to extend Medicaid coverage for pregnant women beyond the required 60-day postpartum period through the end of the month in which a 12-month postpartum period ends. The option provides for continuous eligibility. States electing this option must provide full state plan benefits during the pregnancy and postpartum period; they may not limit coverage to pregnancy-related services. If adopted for Medicaid, the extended postpartum coverage election applies automatically to the Children's Health Insurance Program (CHIP) in the state. This option is time limited to a 5-year period beginning on the effective date of the provision, April 1, 2022.

Due to the Families First Coronavirus Response Act (HR 6201, Section 6008), MO HealthNet coverage was maintained at the same benefit level for all cases as of March 18, 2020 and coverage was only closed for voluntary requests, deceased participants, participants moving out of the state, or aging out of CHIP under Title XXI. Due to this requirement, FSD has used data from FY 2020.

The Family Support Division (FSD) determined that approximately 4,565 individuals who received MPW postpartum benefits beginning on the last day of their pregnancy would have coverage extended to twelve months.

FSD arrived at the number in the following manner:

In FY 2020, 46,455 MPW participants lost postpartum coverage after 60 days. Of these:

- 14,513 MPW moved to other assistance assuming a full benefit package
- 12,449 MPW moved to Extended Women's Health Services (EWHS) with limited benefits

19,493 MPW received no other assistance

Total: 46,455 MPW participants lost postpartum coverage after 60 days

Under Amendment 2, Missouri Constitution Article IV, Section 36(c), effective July 1, 2021 the DSS extended MO HealthNet coverage to persons age 19 to 64 with income under 138% of the federal poverty level (FPL), known as the Adult Expansion Group (AEG). The extension of this MO HealthNet coverage results in MPW participants that would have previously moved to Extended Women's Health Services (EWHS) or received no other assistance to potentially be eligible for AEG. To estimate the number of MPW participants that could now move directly from MPW to AEG, DSS analyzed MPW participants receiving in February 2020 with income under 138% FPL that do not receive Medicare and determined 87% of the MPW population will now be eligible for AEG and receive a full benefit package. DSS then used the 87% to estimate 27,790 $((12,449 + 19,493 = 31,942)(31,942 * 0.87 = 27,789.54))$ could now move to AEG.

Therefore, the total MPW participants estimated to receive extended postpartum for twelve months is 4,152 $(46,455 - 14,513 - 27,790 = 4,152)$.

46,455 MPW participants lost postpartum coverage after 60 days

14,513 MPW moved to other assistance assuming a full benefit package

27,790 MPW moved to AEG

Total: 4,152 estimated to receive extended postpartum for twelve months

In FY 2020, 553 SMHB participants lost postpartum coverage after 60 days. Of these:

140 moved to other assistance assuming a full benefit package

68 moved to Women's Health Services (WHS) with limited benefits

345 received no other assistance

Total: 553 SMHB participants lost postpartum coverage after 60 days

FSD assumes SMHB participants who moved to EWHS will not be eligible for AEG as their income at the SMHB determination exceeds eligibility guidelines for AEG. The total SMHB participants estimated to receive extended postpartum for twelve months is 413 $(553 \text{ total} - 140 \text{ moved to other assistance} = 413)$.

Amending these sections would extend MPW and SMHB coverage for 4,565 $(4,152 + 413 = 4,565)$ total individuals after the postpartum period ended. DSS assumes eligibility for the extended coverage would also include any postpartum participant currently within the initial 60-days of coverage as of the effective date.

If the provisions of this legislation are enacted, the DSS will submit a State Plan Amendment to the Centers for Medicare and Medicaid Services for approval. DSS estimates it will take approximately 90 days for the State Plan Amendment (SPA) to be approved. Therefore, DSS estimates implementation of the provisions of this legislation cannot occur until July 1, 2022.

The extension of coverage would have no fiscal impact to FSD.

FSD defers to the MO HealthNet Division (MHD) for costs to the program.

Oversight notes FSD's deferral to MHD for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for FSD.

Officials from the **DSS, MHD** state, currently, MHD covers pregnancy-related and postpartum mothers for up to 60 days after the pregnancy ends. This legislation would extend coverage to twelve months after the pregnancy ends. A waiver, SPA amendment, and Managed Care Organization (MCO) Contract Amendment would be needed for this legislation. Therefore, MHD would not start seeing additional costs until the beginning of FY 2025.

FSD determined a grand total of 4,565 (413 SMHB plus 4,152 MPW) participants would qualify for coverage under this legislation. MHD assumes a new Medical Eligibility (ME) code would need to be created for this population, with a total cost of \$75,000, split 10% GR; 90% Federal. MHD also found an average monthly per member per month (PMPM) rate of \$547.21 for this population. This rate includes carved-out services, which mainly includes DMH services as well as Pharmacy related services.

MHD will assume no extra costs besides the creation of the ME Code in FY 2024 due to the timing to acquire a waiver, SPA amendment, and MCO Contract Amendment. Therefore, MHD would start seeing additional costs beginning in FY 2025. MHD assumes only new eligible mothers would qualify for extended coverage when this legislation takes effect, so the population was ramped up in FY 2025.

FY 2024 Total: \$75,000 (GR: \$7,500; Federal: \$67,500)
FY 2025 Total: \$18,747,415 (GR: \$6,409,741; Federal: \$12,337,674)
FY 2026 Total: \$29,976,164 (GR: \$10,248,850; Federal: \$19,727,313)

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by MHD.

The **DSS, Division of Legal Services (DLS)** estimates it will require one (1) additional hearings officer to implement this legislation. This need stems from a likely increase in administrative appeals associated with the bill's new requirements. The Family Support Division estimates that 4,565 new participants would qualify for services under this legislation. MO HealthNet Division estimates that 5% of those new participants would need an administrative hearing for some reason during the year. DLS's hearings unit will need to adjudicate an additional 229 administrative hearings. Given the hearings officer's normal caseload of 696 hearings, one (1) additional hearings officer will be needed to absorb this increase in hearings $\left[\frac{(4,565 * 0.05)}{(696)} = 0.33 = 1 \text{ new hearings officer}\right]$. It should be noted this legislation is not operational until April 1, 2023.

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

Officials from the **Officials from the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS** state the Missouri Eligibility Determination and Enrollment System (MEDES) currently provides eligibility determinations and case management functions for family MO HealthNet programs, including the MO HealthNet for Pregnant Women (MPW) and Show-me Healthy Babies (SMHB) programs, and the Children's Health Insurance Program (CHIP) administered by the DSS Family Support Division using the Modified Adjusted Gross Income (MAGI) criteria established under the Patient Protection and Affordable Care Act of 2010 (ACA).

Subsection 208.151.1(28) changes the length of postpartum coverage to 12 months. Currently, coverage ends on the last day of month in which the 60th day after the woman's pregnancy ends occurs. The revision would provide coverage until the last day of the 12th month after the woman's pregnancy ends. Modifications to MEDES would be required to calculate the end date based on 12 months with coverage extended to the last day of resulting month.

Subsection 208.662.6(2) changes the coverage for women on the SMHB program to extend to the last day of the month in which the 12th month after the woman's pregnancy ends. Currently, women who are United States citizens receive coverage through the last day of the month in which the 60th day after pregnancy ends. Women who are not citizens receive coverage through the 10th day after their pregnancy terminates or on the day when they leave the hospital, whichever is later. The following modifications would be required for this group:

- A new Medicaid Eligibility (ME) code will need to be created for the extended coverage for non-citizens on the SMHB program.
- Because SMHB functionality is not included in the base software, the program was added to by developing fully custom Java code. This code will need to be modified to calculate the coverage end date under the new rules.
- Notices for approvals, rejections and closings will need to be developed for non-citizen coverage.
- Operational and management reports will need to be developed for the non-citizen program under the new ME code.

Assuming most of the work will occur in FY 2023 due to the time policy staff will need to acquire any state plan amendment approvals or waivers from the federal government required to implement the MPW and SMHB program changes.

Systems modifications will be executed via a Project Assessment Quotation (PAQ) under the existing Redmane contract for MEDES Maintenance and Operations as an enhancement. Hourly IT costs under this contract vary by position title and work type. It is estimated to take 1,068 hours for a total cost of \$197,472 in FY 2023 exclusively (50% GR; 50% Federal).

Therefore, the total MEDES upgrades will be split \$98,736 GR; \$98,736 Federal in FY 2023 exclusively.

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 (DMH)** defer to DSS for the anticipated fiscal impact to the Comprehensive Psychiatric Rehab (CPR), Comprehensive Substance Treatment and Rehabilitation (CSTAR) and Developmental Disabilities (DD) waiver services.

Oversight notes DMH's deferral to DSS for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for DMH.

Officials from the **Department of Health and Senior Services**, the **Office of Administration - Budget and Planning**, the **Newton County Health Department** and the St. Louis County Health Department each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

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.

[illegible]

<u>FISCAL IMPACT – State Government – (continued)</u>	FY 2023	FY 2024	FY 2025	FY 2026
FEDERAL FUNDS				
<u>Income</u> - DSS/MHD (§208.662) Reimbursement for SMHB program	\$0	\$0	\$12,337,674	\$19,727,313
<u>Costs</u> – DSS/MHD (§208.662) Reimbursement for new SMHB ME code	\$0	\$67,500	\$0	\$0
<u>Income</u> – OA,ITSD/DSS (§208.662) Reimbursement for MEDES system changes	\$98,736	\$0	\$0	\$0
<u>Costs</u> - DSS/MHD (§208.662) Program distributions for SMHB	\$0	\$0	(\$12,337,674)	(\$19,727,313)
<u>Costs</u> – DSS/MHD (§208.662) new SMHB ME code	\$0	(\$67,500)	\$0	\$0
<u>Costs</u> – OA,ITSD/DSS (§208.662) MEDES system changes	(\$98,736)	\$0	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023	FY 2024	FY 2025	FY 2026
	<u>\$0</u>	<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

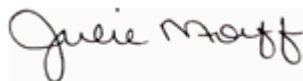
Currently, low-income pregnant and postpartum women receiving benefits through MO HealthNet for Pregnant Women or Show-Me Healthy Babies are eligible for pregnancy-related coverage throughout the pregnancy and for 60 days following the end of the pregnancy. Under this act, MO HealthNet coverage for these low-income women will include full Medicaid benefits for the duration of the pregnancy and for one year following the end of the pregnancy. This coverage shall begin April 1, 2022, or the effective date of the act, whichever is later, and shall continue until the federal authorization for such coverage expires or is terminated. Currently, the federal American Rescue Plan of 2021 has authorized 5 years of this coverage (§208.151 and §208.662).

This act has an emergency clause.

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 Mental Health
Department of Social Services
Office of Administration - Budget and Planning
Newton County Health Department
St. Louis County Health Department



Julie Morff
Director
January 3, 2022



Ross Strobe
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January 3, 2022