

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3696-02  
BILL NO.: SB 891  
SUBJECT: Medicaid; Family Services; Public Assistance  
TYPE: Original  
DATE: March 14, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$14,790,289)	(\$22,256,504)	(\$24,333,481)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$14,790,289)</b>	<b>(\$22,256,504)</b>	<b>(\$24,333,481)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
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>

**Revenues and expenditures of approximately \$34 million annually net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 8 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Mental Health (DMH)** state it is expected that the impact to DMH would be minimal because it is believed that the majority of DMH current clients are denied Medicaid eligibility based on the income limits rather than the resource ceiling. However, there would be a potential minimal cost savings to DMH if any existing DMH clients become Medicaid eligible through this proposal. Services provided by contracted providers to non-Medicaid eligible clients are paid at 100%. With the increase in resource ceilings some of those clients could become Medicaid eligible and DMH would then be reimbursed by Medicaid for 60% of those charges. DMH states that if state operated facilities provide covered services to any newly eligible clients there would be a very minimal increase in general revenue.

**Department of Social Services (DOS)** assume this proposal would be increasing the resource limits for Medicaid from \$1,000 to \$4,000 for a single person and from \$2,000 to \$6,000 for a couple.

**DOS - Division of Family Services**

The **Division of Family Services (DFS)** assumes that all of the current Qualified Medicare Beneficiary (QMB) and Specified Low-income Medicare Beneficiary (SLMB) program participants would be eligible for Medicaid with the increased resource limits. For this population, the income limits are two times the SSI maximum; therefore, this population would be spend down. DFS assumes 11,938 QMB cases and 6,829 SLMB cases (Data obtained from the 12/99 Monthly Management Report published by Research and Evaluation). DFS assumes 15 Supplemental Aid to the Blind (SAB) applicants were denied Medicaid benefits on the basis of a \$2,000 resources limit would now be eligible under the new proposed limits (Data obtained from Research and Evaluation Unit). DFS assumes the global Medicare population in Missouri to be 800,000. DFS assumes this group to be the new population from outside of the current welfare rolls to seek Medicaid benefits. DFS assumes that ten percent of the global Medicare population would be eligible to apply for Medicaid under the new expanded resource limits. Further, DFS assumes that five percent of this population would apply and be found eligible for Medicaid.

800,000	Medicare population
x 10%	% eligible
<u>80,000</u>	
x 5%	% applying and found eligible
<u>4,000</u>	

ASSUMPTION (continued)

DFS assumes an average adult Medicaid caseload to be 480 cases.

DFS estimates the total population to be 22,782.

11,938	Active QMB cases
6,829	Active SLMB cases
4,000	New cases
<u>15</u>	Rejected SAB cases
<u>22,782</u>	

DFS states the active QMB and SLMB cases that are currently being maintained in a caseload would not require additional staff. DFS estimates that eight additional caseworkers would be needed to service the new eligibles (4,000 + 15 / 480 Medicaid caseload). DFS estimates two additional Clerk Typist II positions would be needed to the support the additional caseworkers.

**Division of Legal Services**

**DOS - Division of Legal Services (DLS)** state that DFS has projected that ten percent of the “global Medicare population” of 800,000 would be eligible to apply for Medicaid under the expanded resource limits. Thus there would be 80,000 persons eligible to apply for Medicaid under the expanded resource limits. DLS states that DFS has projected that five percent of those 80,000 would apply and be found eligible. DLS assumes that of the 80,000 who would be eligible to apply for Medicaid under the expanded resource limits, one percent would be found not to be eligible and would request a hearing. There would be 800 hearings per year in the Hearings Unit of DLS. DLS assumes four hours per case for the Hearings Officer to process each appeal from receipt of the request for hearing to final decision. DLS assumes Hearings Officers would expend 3,200 hours on these 800 hearings and would require two additional Hearing Officers (4 hours per case x 800 cases = 3,200 hours / 2080 hours per attorney-year = 1.53). DLS assumes two hours per case for the hearings support staff to process each appeal from receipt of the request for hearing to final decision, the hearings support staff would expend 1,600 hours on these 800 hearings and would require one additional support staff (2 hours per case x 800 cases = 1,600 hours / 2,080 hours per staff-year = .77 support staff).

DLS assumes that of the 800 cases in which a person requests a hearing that ten percent or 80 filed an affidavit of appeal to the circuit court. Assuming forty hours per case for the litigation unit to process each petition for judicial review from the filing of the affidavit fo appeal to the circuit court to final judgment form the circuit court, the litigation units would expend 3,200 hours on these 80 petitions for judicial review and would require two additional attorneys and

ASSUMPTION (continued)

one additional support staff.

**Division of Aging**

**DOS - Division of Aging (DA)** - Institutional Service officials assume the increase in the number of individuals eligible for Medicaid services would not directly affect the number of surveys, inspections, and complaint investigations required in long-term care facilities. At October 31, 1999, 73% of nursing facility beds certified for Medicaid/Medicare participation were occupied. However, if the number of individuals in future years resulted in new facilities being certified for Medicaid/Medicare participation, then DA would need to request additional staff for inspection, survey, and complaint investigations based on the increase in the number of providers.

DA - Home and Community Services officials state the expansion of Medicaid eligible recipients is anticipated to increase the number of Medicaid eligible in-home service recipients. It is reasonable to estimate that the new Medicaid recipients would access in-home services at the same rate as the current population. DA assumes the increase in the resource limits would allow individuals to enter the Medicaid program approximately four months earlier. Therefore, the number of additional clients requiring case management would be 4/12ths per year or 33.33% of the total. Additionally, it is projected the client population would grow at a rate of 5.27% per year based upon the growth experienced with the Old Age Assistance and Permanently and Totally Disabled population as provided by DMS. Based on information provided by DFS, it is projected that 17,086 persons would be eligible under the new resource limit a portion of which would qualify for all Medicaid services (QMB and Medicaid). This projection includes 14,075 persons who are currently eligible as QMB recipients. The remaining 3,011 persons would be expected to come from the general population and could qualify for benefits based on their age or disability.

Home and Community officials state there are 76,308 Medicaid recipients age 65 and over. As of June 30, 1999, DA had authorized in-home services to just over 24,500 Medicaid in-home service recipients age 65 or over. Based on the assumption that the participation for in-home services is 32% (24,567/76,308), DA estimates 5,468 (17,086 x 32%) additional Medicaid recipients would access home care as an alternative to facility placement. Based upon the assumption that these clients would enter the program four months earlier than before, DA estimates 1,823 (5,468 x 33.3333%) new clients requiring case management the first year. Based upon a growth factor of 5.27%, DA estimates 1,919 (5,468 x 105.27% x 33.3333%) new clients requiring case management the second year, and 2,020 (5,468 x 105.27% x 105.27% x 33.3333%) new clients requiring case management the third year. DA would need fifteen

ASSUMPTION (continued)

additional Social Service Worker (SSW) II positions the first year to case manage the new Medicaid eligibles based on current average caseload size of 125 cases per Social Service Worker ( $777/125 = 6$ ). DA would need fifteen SSW positions the second year ( $818/125 = 7$ ), and one additional SSW positions the third year ( $861/125 = 7$ ). DA would also need two (2) Home and Community Services Area Supervisor positions based on current supervision levels of one supervisor for every nine SSW and two (2) Clerk Typist II positions to provide clerical support to the Area Supervisors and SSW. DA would add one supervisor and one clerical support staff in the first year and one supervisor and one clerical support staff in the third year.

**Division of Medical Services**

**DOS - Division of Medical Services (DMS)** states that it projects that 17,086 persons would become Medicaid eligible if the resource limit is increased to \$4,000/\$6,000. The estimate was done by DFS. DMS assumes a twelve month phase-in for the 17,086 new eligibles. DMS projects that group would experience growth at the same rate as the OAA and PTD population (an estimated 5.27% for FY01 - FY01 Budget Request for Case load Growth). This growth rate is used for FY02 and FY03.

DMS states the cost per eligible is a weighted average of the last three months of actual expenditures for the OAA and PTD eligibles. The costs do not include NF and states institutions expenditures. The FY01 cost per eligible is \$733.89, \$763.25 for FY02, and \$793.78 for FY03. The cost was inflated by 4% for FY02 and FY03. DMS assumes the increase in the resource limit would allow individuals to enter the Medicaid program earlier - the individual would not have to spend his resources to become Medicaid eligible. DMS projects the individual would become Medicaid eligible two months sooner if the resource limit is increased. The average cost per eligible per month is \$733.89; the resource limit is increased by \$3,000 ( $3,000/\$733.89 = 4$ ). The new cost associated with the increase limit is two months of Medicaid costs per eligible. The cost per eligible was multiplied by the number of new eligibles for that month to arrive at a cost per month.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE FUND</b>			
<u>Costs - Department of Social Services -</u>			
<u>Division of Family Services</u>			
Personal services (6.70 FTE)	(\$143,185)	(\$176,188)	(\$180,593)
Fringe benefits	(\$44,029)	(\$54,178)	(\$55,532)
Expense and equipment	<u>(\$71,499)</u>	<u>(\$13,206)</u>	<u>(\$13,602)</u>
Total <u>Costs</u> - Division of Family Services	<u>(\$258,713)</u>	<u>(\$243,572)</u>	<u>(\$249,727)</u>
<u>Costs - Department of Social Services -</u>			
<u>Division of Legal Services</u>			
Personal services (3 FTE)	(\$71,197)	(\$87,607)	(\$89,797)
Fringe benefits	(\$21,893)	(\$26,939)	(\$27,613)
Expense and equipment	<u>(\$27,048)</u>	<u>(\$19,793)</u>	<u>(\$20,387)</u>
Total <u>Costs</u> - Division of Legal Services	<u>(\$120,137)</u>	<u>(\$134,339)</u>	<u>(\$137,797)</u>
<u>Costs - Department of Social Services -</u>			
<u>Division of Aging</u>			
Personal services (12.8 FTE)	(\$308,478)	(\$379,428)	(\$409,837)
Fringe benefits	(\$94,857)	(\$116,674)	(\$126,025)
Expense and equipment	<u>(\$124,527)</u>	<u>(\$78,291)</u>	<u>(\$89,619)</u>
Total <u>Costs</u> - Division of Aging	<u>(\$527,862)</u>	<u>(\$574,393)</u>	<u>(\$625,481)</u>
<u>Costs - Department of Social Services -</u>			
<u>Division of Medical Services</u>			
Additional computer charges	(\$36,750)	(\$36,750)	(\$36,750)
Medical assistance payments	<u>(\$13,846,827)</u>	<u>(\$21,267,450)</u>	<u>(\$23,283,726)</u>
Total <u>Costs</u> - Division of Medical Services	<u>(\$13,883,577)</u>	<u>(\$21,304,200)</u>	<u>(\$23,320,476)</u>
<b>ESTIMATED NET EFFECT ON</b>			
<b>GENERAL REVENUE FUND</b>	<b><u>(\$14,790,289)</u></b>	<b><u>(\$22,256,504)</u></b>	<b><u>(\$24,333,481)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>FEDERAL FUNDS</b>			
<u>Income - Department of Social Services</u>			
Medicaid reimbursements	\$22,283,111	\$33,941,678	\$37,130,208
<u>Costs - Department of Social Services - Division of Family Services</u>			
Personal services (3.30 FTE)	(\$70,524)	(\$86,779)	(\$88,949)
Fringe benefits	(\$21,686)	(\$26,685)	(\$27,352)
Expense and equipment	<u>(\$27,157)</u>	<u>(\$4,335)</u>	<u>(\$4,465)</u>
Total <u>Costs</u> - Division of Family Services	<u>(\$119,367)</u>	<u>(\$117,798)</u>	<u>(\$120,765)</u>
<u>Costs - Department of Social Services - Division of Legal Services</u>			
Personal services (2 FTE)	(\$47,464)	(\$58,405)	(\$59,865)
Fringe benefits	(\$14,595)	(\$17,959)	(\$18,408)
Expense and equipment	<u>(\$18,032)</u>	<u>(\$13,196)</u>	<u>(\$13,591)</u>
Total <u>Costs</u> - Division of Legal Services	<u>(\$80,092)</u>	<u>(\$89,560)</u>	<u>(\$91,865)</u>
<u>Costs - Department of Social Services - Division of Aging</u>			
Personal services (7.20 FTE)	(\$173,519)	(\$213,428)	(\$230,535)
Fringe benefits	(\$53,357)	(\$65,629)	(\$70,890)
Expense and equipment	<u>(\$61,335)</u>	<u>(\$38,561)</u>	<u>(\$44,141)</u>
Total <u>Costs</u> - Division of Aging	<u>(\$288,211)</u>	<u>(\$317,618)</u>	<u>(\$343,233)</u>
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Additional computer charges	(\$110,250)	(\$110,250)	(\$110,250)
Medical assistance payments	<u>(\$21,685,191)</u>	<u>(\$33,306,452)</u>	<u>(\$36,464,095)</u>
Total <u>Costs</u> - Division of Medical Services	<u>(\$21,795,441)</u>	<u>(\$33,416,702)</u>	<u>(\$36,574,345)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	<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.

DESCRIPTION

This proposal would raise the amount of resources exempted from consideration when determining Medicaid eligibility. In order to be eligible for Medicaid, Section 208.010, RSMo, currently limits single applicants to \$1000 in resources and married applicants to \$2000 in resources. This proposal would raise the single person resource limit to \$4000 and the married person resource limit to \$6000.

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 Social Services  
Department of Mental Health



Jeanne Jarrett, CPA  
Director  
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