COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0889-03
Bill No.: HCS for SCS for SB 236
Subject: Adds adult first cousins eligible for adoption subsidies; Grandparents as Foster Parents; Federal Ticket to Work and Work Incentives Improvement Act; Income 100% of Poverty; Breast and Cervical Cancer Recipients; and, Temporary Assistance to Needy Families.
Type: Original
Date: April 26, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	$2,417,009 to $5,084,472	($325,554) to $2,341,918	($198,310) to $2,469,153
Total Estimated Net Effect on All State Funds	**$2,417,009 to $5,084,472**	**($325,554) to $2,341,918**	**($198,310) to $2,469,153**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on All Federal Funds *	**$0**	**$0**	**$0**

*** Revenues and expenditures between $11 million and $21 million annually net to $0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 24 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator, Office of Lieutenant Governor, Department of Labor, Office of the Governor, Department of Elementary and Secondary Education, Missouri House of Representatives, and Department of Health** stated the proposed legislation will not fiscally impact their organizations.

Officials from the **Office of the Secretary of State (SOS)** this bill expands coverage under the Ticket to Work and Work Incentives Improvement Act of 1990 and Transition to Independence Grant, creates the Grandparents as Foster Parents Program and amends other parts of Social Service statutes. The Department of Social Services shall promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations, and forms issued by the Department of Social Services could require as many as 32 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is $23.00. The estimated cost of a page in the *Code of State Regulations* is $27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. The SOS estimates the cost in FY 02 to be $1,968 [(32 pgs. x $27) + (48 pgs. x $23)].

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** stated Section 208.040 would impact the TANF program which the Department of Social Services (DOS) is responsible for and does not have a fiscal impact on DMH.

Section 208.146 - Officials from the DOS estimate that 441 individuals would be eligible to enroll in the new category of eligibility, based upon data compiled from the Congressional Budget Office (CBO) as a result of the estimates conducted for the U. S. House version of HR 1108 (Work Incentives Improvement Act). Further, DOS estimates the cost of providing services to the 441 eligible individuals would be $784,800 in FY 2002, $2,021,374 in FY 2003, and $2,761.561 in FY 2004. The cost estimated by DOS is inclusive, and includes any costs that would be associated with services provided by the DMH. Therefore, this proposed legislation would have no additional fiscal impact to the DMH.

ASSUMPTION (continued)

Section 208.151.1(25) - There is a potential minimal cost savings to the DMH if any existing DMH clients become Medicaid eligible through this provision. Services provided by contracted providers to non-Medicaid eligible clients are paid at 100%. If the DMH's state operated facilities provide covered services to any newly eligible clients, there would be a very minimal increase in general revenue. However, when individuals become Medicaid eligible, they are entitled to additional Medicaid services which will be an increased cost to the DMH. As a result, the DMH anticipates a net impact of zero.

Section 208.819 - the DMH states that persons institutionalized in nursing homes who are Medicaid eligible and who wish to move back into the community shall be eligible for a one-time Missouri transition to independence grant. Furthermore, the legislation (section 208.816) states that the DOS and Division of Vocational Rehabilitation shall allow Medicaid funding to follow the disabled individual. The DMH does have consumers who live in nursing homes, however, few of these persons are likely to want to transition out. If they would want to transition out and are able to do so, it is the DMH's understanding that the funding currently in the Dept. of Social Services' appropriation bill that supports the person in the nursing home institution would be allowed to follow/support the individual in the community (but that money can only be for state plan services like personal care or services authorized by Division of Aging or Vocational Rehabilitation). Therefore, the fiscal impact of this legislation would be to the DOS as additional costs for the Missouri transition to independence grants that are expected to be requested.

Lastly, the transition to independence grant isn't available for persons who live in the DMH facilities who might want to move to the community. As written, the proposal applies only to persons leaving nursing homes.

Section 453.072 adds language that an adult first cousin of the child can receive adoptive subsidies. This would not have a fiscal impact on the DMH.

Section 453.320 and 453.325 moves and changes the sections for Grandparents as Foster Parents Program. This legislation would not have a fiscal impact for the DMH.

Officials from the **Department of Social Services - Division of Family Services** state the following:

Assume the number of individuals between the ages of 18 and 64 in Missouri with income at or below 250% of the Federal Poverty Level (FPL) to be 847,333. Total Missouri population between the ages of 18 and 64 is 3,013,259. 28% of Missourians between the ages of 18 and 64 have income below 250% of the FPL (847,333 / 3,013,259=28%). Source: U.S. Census Bureau, July 2000.

ASSUMPTION (continued)

Assume 85% of the Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) recipients ages 18 to 64 have income below 250% of the FPL. Source: Annual Statistical Supplement, 2000 published by the Social Security Administration.

Assume number of individuals in Missouri with a work disability to be 106,281. Note: This does not assume individuals are Permanently and Totally Disabled (PTD). Assume 3.5% of Missourians have a work disability (106,281 / 3,013,259= 3.5%). Source: U.S. Census Bureau.

Assume that 5,734 individuals receiving services through the Division of Vocational Rehabilitation were placed in the workforce during FY 2000. Of that group 1,846 received SSDI or SSI. The remaining 3,888 who went to work were Non-SSDI/SSI recipients. Source: The Division of Vocational Rehabilitation.

Assume number of individuals in Missouri receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) to be 192,134 (SSDI - 111,520 + SSI -80,614). Total number of social security recipients receiving both SSDI and SSI is 26, 925. Unduplicated number of SSDI and SSI recipients is 165,209 (192,134 - 26,925= 165,209). Source: Social Security Administration.

Assume the number of individuals between the ages of 18 and 64 receiving Medicaid as of 12/31/2001 to be 93,105. These individuals will be excluded as possible eligibles since they are already active Medicaid recipients. Source: Department of Social Services, Research and Evaluation Unit.

Assume 56.5% have income < 250% of the FPL. Assume the working disabled population may be employed less than 40 hours per week. An average has been used to determine the percentage of the working disabled population below 250% of the FPL. (Average 28% of Missourians between the ages of 18 and 64 to 85% of those receiving SSDI and/or SSI.) Source: U.S. Census Bureau and the Social Security Administration.

Assume married individuals seeking Medicaid coverage through this program will take the necessary steps to transfer any assets potentially affecting eligibility. However, assume that 50% of single individuals seeking Medicaid coverage will be ineligible on the basis of resources.

165,209	Unduplicated SSDI/SSI
+ 3,888	# of VR recipients in the work force
169,097	Total with a work disability

ASSUMPTION (continued)

169,097	# with a work disability
- 93,105	# of active Medical Assistance cases between 18 and 64
75,992	Total universe of eligibles
75,992	Total universe of eligibles
x 3.5%	% with a work disability
2,660	# with a work disability
2,660	# with a work disability
x 56.5%	% < 250% of FPL
1,503	# % < 250% of FPL
1,503	# % < 250% of FPL
x 75%	% expected to apply
1,127	# expected to apply
1,127	# expected to apply
x 65%	% living alone
733	# living alone
1,127	# expected to apply
x 35%	% living with spouse
394	Total # of eligible couple cases
733	# living alone
x 50%	% of those living alone ineligible on the basis of resources
367	Total # of eligible single cases
394	Total # of eligible couple cases
+367	Total # of eligible single cases
761	Total # of new eligibles

New eligibles will be phased in over a 2 year period.

Assume an average adult Medicaid caseload to be 480 cases.

761 / 480 = 1.58 or 2 new Caseworker FTEs needed to maintain new cases. DFS plans to absorb any new eligibles the first year therefore no FTEs will be needed for FY 2002. In FY 2003 the DFS will need the 2 new FTEs to manage the new cases. Caseworker duties and

ASSUMPTION (continued)

responsibilities include take and process applications for eligibility, respond and answer both written and telephone requests for information or reported changes, and maintain all active cases in caseload.

Annual salary for a Caseworker is $29,520.

Oversight assumes there would be 441 new eligibles and would require only one Caseworker.

The DFS also state that section 1902 (1) (2) of the Social Security Act now allows federal financial participation for the aged and disabled population when raising the income limit to 100% of poverty, or increasing the resource limits. The DFS states this change allows income to be increased without increasing the resource limits. DFS assumes the spenddown population, who would be eligible for full Medicaid on the basis of the 100% of the federal poverty level (FPL), to be those with income greater than $530 (SSI Standard for a single individual) but less than or equal to $696 (100% of FPL) or with income greater than $796 for married couple but less than or equal to $938 to be 10,908 (data provided by DOS Research and Evaluation unit dated 10/25/00). DFS assumes of the 2,611 Blind Pension (BP) cases that 45% would be eligible for Medicaid under the expanded income guidelines of 100% of FPL. These cases would represent a cost avoidance/savings for DOS since the cost for Medicaid would be based on a state - federal match rather than 100% state general revenue funding as is the current arrangement.

2,611	BP caseload
x 45%	% of cases under 100% FPL
1,175	BP cases eligible for federal Medicaid funding

In addition, all Qualified Medicare Beneficiary (QMB) only recipients would now be eligible for full Medicaid coverage. However since the resource limit remains unchanged at $1,000 (single) and $2,000 (couple), DFS assumes that only 25% of the 11,882 QMB only population would apply and subsequently be found eligible on the basis of resources ($1,000/2,000 represents 25% of $4,000 QMB resource maximum) (data source: DOS FY 2000 Annual Data Report).

11,882	QMB only population
x 25%	% of QMB only population
2,971	QMB only cases eligible for federal Medicaid funding

10,908	Spenddown eligibles
2,971	QMB only eligibles
1,175	BP eligibles
15,054	Total Eligibles

ASSUMPTION (continued)

The DFS assumes no new eligibles as result of this proposal. Individuals currently in need of medical assistance have applied for and are receiving benefits on a spenddown basis. The DFS estimates that no additional FTEs would be needed to implement this proposal since it is already managing the Spenddown and QMB population at its current staffing level. The DFS assumes a zero fiscal impact if this proposal is enacted.

The DOS states there are 373,566 Medicaid cases broken down as follows:

Medical assistance	141,548
MA for Children in Care	1,314
Supplemental payments	169
QMB	12,781
SLMB	7,895
SNC	7,691
MC+	154,645
MPW	14,164
SAB	778
BP	2,621
Vendor nursing homes	29,960
Total Cases in January, 2001	373,566

The DOS assumes the number of cases affected by this proposal to be10,000. The DOS estimates the percent of caseload to be three percent (10,000 / 373,566). The DOS employs 449 workers for 373,566 cases. DOS assumes that three percent or thirteen workers are working on the spenddown cases that would be affected by this proposal. DOS states these cases would not be closed but would convert from spenddown cases to full Medicaid coverage. The DOS estimates that each case would take approximately half the time as a spenddown case. The DOS assumes there is a potential savings of fifty percent of the workers' time or 6 workers (13 workers x 1/2).

DOS states that of the 10,908 new eligibles as a result of this proposal, DOS may currently be paying spenddown by Medicaid. DOS ranged what this amount to be up to $8,019,639 annually.

Oversight assumes there are 10,908 clients affected by this proposal. **Oversight** assumes they are reviewed quarterly and the reviews take one hour each quarter (10,908 x 4 hours = 43,632 hours). **Oversight** assumes this proposal would reduce the reviews to annually and would take one hour (10,908 x 1 hours = 10,908 hours). **Oversight** assumes this would be administrative savings of 16 FTE (32,724 hours / 2,080 hours per FTE). **Oversight** assumes administrative

ASSUMPTION (continued)

savings of $635,648 [($28,272 (salary) + $9,423 (fringe benefits)] x 16 FTE + $32,528 expense and equipment). **Oversight** assumes the expenses currently paid for spenddown clients is a range of $1,000,000 to $8,019,639.

Officials from the **Department of Social Services (DOS) - Division of Family Services (DFS) - Children's Services Unit (CSU)** stated the proposed legislation would not fiscally impact their organization at the present time. However, if because of lesser reimbursements and fewer services provided, grandparents and relatives apply for and become eligible for Subsidized Guardianship, there will be an impact upon Adoption Subsidy funds.

The CSU officials stated that in FY 02, it is estimated that 5,197 children will receive Grandparents As Foster Parents (GAFP) benefits. The proposed legislation would result in 2,120 children losing eligibility. Of that number, the CSU estimates that 527 (25%) would have previously been in the custody of the DFS and would remain eligible for Subsidized Guardianship.

The CSU estimates the fiscal impact of the proposed legislation to the General Revenue Fund to be $1,892,773 for FY 02 (10 months); $3,030,476 for FY 03; and $3,536,138 for FY 04.

Officials from the **DOS - DFS - Income Maintenance Unit (IMU)**stated that they assume that once GAFP funds are obligated, any new individuals determined eligible for the program would be placed on a waiting list until funding was available. Based on the program's current anticipated growth rate, the following projections reflect the number of cash eligible children per month: FY 02 - 5,197; FY 03 - 6,934; and FY 04 - 8,091. Based on the 1990 U.S. Census Data, 59.2% of Missouri households 50 years of age and older have an income below 200% of the Federal Poverty Level. Since there are currently no limits for the GAFP eligibility, the IMU assumed that 59.2% of the above anticipated cash eligible children would remain eligible. The anticipated cash eligible children per month would be reduced to: 3,077 (5,197 x 59.2%) for FY 02; 4,105 (6,934 x 59.2%) for FY 03; and 4,790 (8,091 x 59.2%) for FY 04. The number of children no longer eligible per month for the GAFP are estimated at: 2,120 (5,197 - 3,077) for FY 02; 2,829 (6,934 - 4,105) for FY 03; and 3,301 (8,091 - 4,790) for FY 04.

The IMU also assumes the average cost of maintenance per child in the program will remain constant at $275.33 per month. The maintenance reimbursement is tied to the Foster Care Maintenance Payment Rate. Therefore, the reduction of the reimbursement to 75% would reduce the maintenance cost to $206.50 per month per child. Cost savings are estimated to be $68.83 ($275.33 - $206.50) per month for each child no longer eligible.

ASSUMPTION (continued)

The current rate of maintenance is $275.33 per month per child, regardless of the number of children in the household. This legislation requires the DFS to establish a reduced cash benefit for households providing care for three or more children. The criteria the DFS would use consists of reducing the GAFP payment for the third and subsequent children in the household to no less than the Temporary Assistance grant amount for one person. The current rate is $136.00 per month.

Based on data supplied by the DOS Research and Evaluation Unit, 16.5% of the children currently receiving benefits will receive a reduced grant. The reduced grant shall be no less than $136.00 per child. The IMU estimates costs savings to be $70.50 ($206.50 - $136.00) per child. The IMU assumes the decreased number of eligible families will reduce the overall supportive services costs. The estimated cost savings for reduced supportive services is estimated to be $83.60 for each child no longer eligible.

Currently all GAFP children are eligible for child care assistance regardless of household income. The GAFP households would need to meet child care income guidelines to be eligible under this legislation, thereby reducing support services costs.

The IMU assumes that grandparents no longer eligible for the GAFP will become eligible for either Temporary Assistance as a Non-Parent Caretaker Relative who is not needy or Subsidized Guardianship. Approximately 25% of the children currently receiving the GAFP would be eligible for Subsidized Guardianship through Children's Services. The remaining 75% would be eligible for Temporary Assistance.

The average GAFP household has 1.8 children. The Temporary Assistance grant for a two person household is $234.00. As all Federal TANF funds are obligated, Temporary Assistance payments for grandparents shifting from the GFAP will come from General Revenue. No staff were appropriated upon passage of the GAFP legislation in 1999; therefore, no staff reduction is anticipated as a result of the proposed legislation. Therefore, the IMU has estimated the annual costs as a result of children moving from the GAFP to TANF to be $2,480,400 for FY 02 (10 months); $3,310,320 for FY 03; and $3,862,560. Estimated savings as a result of reductions in non-eligible children for annual maintenance cost savings, annual maintenance costs savings for reduction in maintenance payments, annual maintenance cost savings for reductions in maintenance payments for multiple children, and support service costs saving for non-eligible children are estimated to be $12,102,177 for FY 02 (10 months); $16,148,538 for FY 03; and $18,842,920 for FY 04.

Officials from the **DOS - Division of Legal Services (DLS)** stated they had sufficient staff to deal with any increased case load.

ASSUMPTION (continued)

Officials from the **Department of Social Services - Division of Medical Services (DMS)** stated the following:

Cost Estimate for Section 208.146

It is estimated that 441 individuals will be eligible to enroll in the new category of eligibility group. The estimate is developed from data compiled from the Congressional Budget Office (CBO) as a result of estimates conducted for the House version of the bill - HR 1108 (Work Incentives Improvement Act). According to the CBO, approximately 21,000 people who are disabled would return to work by 2004.

Missouri represents 2.1% of the overall population of the United States.

MO 5,438,559 / U.S. 270,298,524 = 2.1%

21,000
x 2.1%
441 New Eligibles

Not all eligibles will apply in the first year of the program. It is projected that there will be 294 eligibles in the first year, 357 eligibles in the second year, and 441 eligibles in the third year.

The proposed legislation includes three cost components: 1) the Permanently and Totally Disabled under 150% of the poverty level, 2) the eligibles who have employer-sponsored health insurance, and 3) the eligibles between 151% and 250% of the federal poverty level.

1) The Division of Medical Services estimates that 75% of the new eligibles will qualify for medical assistance as a Permanently and Totally Disabled individual. The projected eligibles for FY 02 is 221, FY 03 is 268, and FY 04 is 331.

The projected FY 02 cost per eligible of $1,085.40 is based on inflating the FY 00 average cost for Permanently and Totally Disabled (PTD) eligibles by the inflation and rate of growth for each component (pharmacy, physician, hospital, etc.). The inflation and growth rates are a one year average based on historical costs.

The projected Medicaid eligible for each month was multiplied by the projected cost per eligible per month to arrive at the annual cost. The projected cost for FY 02 is $1,314,419; the projected cost for FY 03 is $3,919,848; and the projected cost for FY 04 is $5,362,200.

ASSUMPTION (continued)

2.) The projected number of eligibles that receive employer-sponsored health insurance is four. The average monthly premium is $110 a month. The inflation rate for premiums based on historical information is 10-15%. The projected cost for the FY 2002 is $5,280 (4 x $110 x 12); the projected cost for FY 2003 is $5,952 ($110 x 1.125 = $124 x 4 x 12); and the projected cost for FY 2004 is $6,720 ($124 x 1.125% = $140 x 4 x 12).

3.) The Division of Medical Services assumes that the remaining eligibles will have incomes between 151% and 250% of the federal poverty level. This group of eligibles will be required to pay a premium for participation in the medical assistance program.

The projected Medicaid eligibles for each month was calculated with the premium collection included in the cost. The projected cost for FY 02 is $695,710; the projected cost for FY 03 is $1,176,528; and the projected cost for FY 04 is $1,647,648.

The projected cost for Section 208.146 of the proposed legislation is:

FY 2002: $2,015,409
FY 2003: $5,102,328
FY 2004: $7,016,568

The Division of Medical Services estimates 5 new staff member will be necessary to process the collection of premium payments for the working disabled and the CHIP premium groups. The current contract which costs $720,828 annually will not be renewed on July 1, 2001 with the proposed legislation. Therefore, the additional staff will start employment on July 1, 2001. The additional staff requested are a Fiscal and Administrative Manager, an Accountant III, an Accountant II, a Computer Information Tech III, and a Clerk Typist III. The net savings associated with the new staff in FY 02 is $385,484; in FY 03 is $420,407; and in FY 04 is $413,253.

Cost Estimate for Section 208.151.

The DMS worked with the Division of Family Services to identify the population that is being proposed for full medical assistance. The population includes spenddown, Qualified Medicare Beneficiary (QMB) only, and Blind Pension eligibles. These populations are currently receiving a limited medical services benefit, but this legislation will allow the eligibles to receive the full benefit. Currently, there were 10,908 spenddown eligibles, 2,971 QMB only eligibles, and 2,611 Blind Pension eligibles. DMS believes there are individuals that are eligible for the spenddown program, but are not enrolled. DMS assumed that this population might present themselves for medical coverage if this bill is adopted, but DMS is unable to estimate this population.

ASSUMPTION (continued)

Spenddown - DMS assumed that the 10,908 eligibles will be phased in over a six month time period. DMS also assumed a monthly cost of $116.75 which was based on a report produced by Myers & Stauffer. DMS assumed a 4% increase in medical cost each year and caseload increase of 3.94% each year.

QMB Only - The QMB only population is 11,882 with resource limits up to $4,000. DMS is in agreement with the DFS assumption that only 25% of this population will apply and ubsequently be found eligible due to the limitation of resources. DMS assumed a monthly cost of $166.00, which is the difference between 100% FPL and the SSI maximum. DMS assumed a 4% increase in medical cost each year and caseload increase of 3.94% each year. DMS also assumed that these eligibles will be phased in over a six month time period.

Blind Pension - The current caseload for this population is 2,611. DFS assumed that 37 eligibles of this population would be eligible for the full Medicaid benefits with the proposed legislation. Since the medical payments for this population is currently 100% GR and since they do not receive the full Medicaid benefits, DMS assumed a reduction in GR and an increase in federal funding for this population.

Claims Processing Cost - DMS estimates the claims processing costs associated with these eligibles at $50,000 per year. These costs are matched at the 50/50 GR/FF rate.

The projected cost for Section 208.151. of the proposed legislation is:

FY 2002: $13,460,463
FY 2003: $22,618,615
FY 2004: $24,438,789

Section 151.1.(26).

The U.S. Code referenced in the proposed legislations allows persons who have been diagnosed with breast or cervical cancer and screened for breast and cervical cancer under the Center for Disease Control and Prevention breast and cervical cancer early detection program established under title XV of the Public Health Service Act in accordance with the requirements of section 1504 of the Act and need treatment for breast or cervical cancer. And the persons are not covered under creditable coverage, as defined in section 2701(c) of the Public Health Service Act.

The Center for Disease Control and Prevention breast and cervical cancer early detection program targets low income, underserved women up to 200% of the Federal Poverty level.

ASSUMPTION (continued)

Breast Cancer Recipient:

The Center for Disease Control (CDC) predicted that 3,700 women in Missouri will be diagnosed with breast in the year 2000. It is estimated that 21% of the 3,700 will fall into this category, and of these 777 women, 81.16% will have some form of healthcare coverage. DMS assumes that the remaining 146 women will be eligible for the new eligible group.
The estimated annual medical costs for this population is $8,000.

Annual cost calculation:

	FY 2002	FY 2003	FY 2004
New Medicaid eligibles	146	152	158
Annual cost	x $8,000	x $8,320	x $8,653
Total estimated cost	$1,168,000	$1,264,640	$1,367,174

Cervical Cancer Recipient:

The Center for Disease Control predicted there would be 12,800 new cases of cervical cancer in the year 2000. Missouri's population represents 2.1% of the U.S. population, so the DMS assumes 269 Missourians would be detected with cervical cancer. It is estimated that 21% of the 269 women will fall into this category, and of these 56 women (81.16%) will have some form of healthcare coverage. The DMS assumes that the remaining 11 women will be eligible for the new eligible group.

The estimated annual medical costs for this population is $6,600.

Annual cost calculation:

	FY 2002	FY 2003	FY 2004
New Medicaid eligibles	11	12	13
Annual cost	x $6,600	x $6,864	x $7,139
Total estimated cost	$72,600	$82,368	$92,807

The DMS assumed a 4% increase in the annual cost each year. The DMS also assumed a small increase in the eligible population based on the low increase in diagnosis of breast and cervical cancer.

The federal match rate is the enhanced CHIP rate of 72.74%.

ASSUMPTION (continued)

Summary of estimated costs:

FY 2002: $1,240,600
FY 2003: $1,347,008
FY 2004: $1,459,981

Section 208.816.

It was assumed the Division of Vocational Rehabilitation would request funding for the $1,500 grant.

NOTE: The Division of Medical Services provided several worksheets and schedules supporting the information provided in this fiscal note. However, due to the volume of the information provided, it is not being reproduced for this fiscal note.

Officials from the **Department of Social Services - Division of Aging (DOS-DA)** stated the following:

208.146 Ticket to Work and Work Incentives Improvement Act of 1999

This bill would create a new population of Medicaid eligibles by extending medical assistance to working individuals who have income less than 250% of the Federal Poverty Level and meet the definition of disabled under SSI or have a medically improved disability under the federal TWWIIA. The proposed legislation would increase the number of individuals eligible for Medicaid.

The DA assumes that proposed funding for services are for federal Medicaid program funded services and not state General Revenue appropriated services.

The DA officials stated that the Division of Family Services (DFS) and Division of Medical Services (DMS) assumes that **441 new individuals** will meet the eligibility requirements as stated in this bill for individuals who are disabled and have income at or below 250% of the federal poverty level. Of these 441 eligibles, 294 will enter the program in the first year, 63 additional eligibles will enter the program the second year (294 + 63 = 357 total eligibles) and 84 additional eligibles will enter the program the third year (294 + 63 + 84 = 441 total eligibles). Based on the assumption that the participation rate for in-home services is 29.12% (20,363/69,928) the DA estimates that **86** (294 x 29.12%) additional recipients will access home care as an alternative to facility placement and will require case management. Based upon the assumption that these clients enter the Medicaid program who previously would not have qualified for the program, the DA estimates that **86** new clients will require case management in the first year. The DA estimates that **104** (357 x 29.12%) clients will require case management

ASSUMPTION (continued)

in the second year and **128** (441 x 29.12%) in the third year. The DA will need **one (1) additional Social Service Worker II (SSW) position the first year** to case manage the new eligibles based on current average caseload sized of 80 cases per SSW (86/80 = 1.075). The DA will need **one (1) SSW position or no additional worker the second year** (104/80=1.300) **and two (2) SSW positions or one (1) additional position the third year** (128/80= 1.600). The one (1) Social Service Worker position in Year 1 will be placed in Greene County. The additional one (1) worker in Year 3 will be placed in Jackson County.

Oversight assumes that 1 additional SSW II position would be able to case manage the new eligibles based on the DA's actual current caseload of 1 social services worker per 138.6 cases.

208.151 Income of 100% Poverty Level

The DA - Institutional Services (DAIS) assumed 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 facilities at this time. At October 1, 2000, 79.4% 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 the DAIS would need to request additional staff for inspection, survey and complaint investigations based on the increase in the number of providers.

In determining the fiscal impact of this bill, the DA - Home and Community Services (DAHCS) has made the following assumptions:

- DFS will calculate the fiscal impact associated with determining eligibility for recipients under the new requirements, and
- DMS will determine the fiscal impact associated with the cost of services for the new group of eligible recipients, and
- DLS will determine the fiscal impact associated with the cost of any administrative hearings.

Based on information provided by the DFS, it is projected that 25% of the Qualified Medicare Beneficiary (QMB) eligibles will qualify under the raise in income limits. Therefore, the DA estimates that only **2,971 QMB** or twenty-five percent (25%) of the 11,882 QMB eligibles will result in cases requiring case management services due to the increase in the income level to 100% of the federal poverty level. The DA assumes that the spenddown clients and the Blind Pension (PB) clients who become eligible because of the increase in the income requirements who are currently receiving in-home services are already being case managed and, therefore, will not increase the number of potential eligibles.

ASSUMPTION (continued)

According to the DOS Research and Evaluation Unit, there were 69,928 Medicaid recipients age 65 and over in FY 00. As of June 30, 2000, the DA had authorized in-home services to just over 20,363 Medicaid in-home services recipients age 65 or over. Based on the assumption that the participation rate for in-home services is 29.12% (20,363/69,928) the division estimates that **865** (2,971 x 29.12%) additional recipients will access home care as an alternative to facility placement requiring case management. Based upon the assumption that these clients enter the Medicaid program who previously would not have qualified for the program, the DA estimates that **865** new clients will require case management in the first year. Based upon a growth factor of 3.94%, the DA estimates that **899** (865 x 103.94%0 clients will require case management in the second year and **935** (865 x 103.94% x 103.94%) in the third year. The DA will need **eleven (11) additional Social Service Worker II (SSW) positions the first year** to case manage the new eligibles based on current average caseload size of 80 cases per SSW (865/80 = 10.8125). The DA will need **eleven (11) SSW positions or no additional workers the second year** (899/80 = 11.2375) **and twelve (12) SSW positions or one (1) additional position the third year** (935/80 = 11.6875). The DA will also need **one (1) Home and Community Services Area Supervisor position** based on current supervision levels of one supervisor for every nine Social Service Workers and **one (1) Clerk Typist II position** to provide clerical support to the Area Supervisor and SSW staff. The division will add the supervisor and clerical support staff in the first year.

The Social Service Worker IIs will be placed in the following counties/locations:

Year 1 (11 workers)

1 Christian	1 Taney	1 Cape Girardeau	1 Carter	1 Chariton	1 Pettis
1 Buchanan	1 Camden	1 Macon	1 Franklin	1 Jefferson	

Year 2 (11 workers) (0 additional worker)

Year 3 (12 workers) (1 additional workers)
1 Scotland

The Areas Supervisor position and the Clerk Typist II position will be placed in Christian County in Year 1.

Social Service Worker II duties: responsible for the investigation of hotlines, pre-long-term care screenings, the eligibility determination and authorization of state-funded in-home services.

Home & Community Services Area Supervisor duties: supervise Social Service Workers responsible for the investigation of hotlines, pre-long-term care screenings, the eligibility determination and authorization of state-funded in-home services; provide oversight and

ASSUMPTION (continued)

accountability for the performance of the SSWs including case review, evaluation and guidance; act as the first point of contact for complaint resolution when clients are dissatisfied with services or staff performance.

Clerk Typist II duties: provide the necessary clerical support to the Area Supervisors, Social Service Workers, and the activities of the unit.

Oversight assumes that 6 additional SSW IIs would be able to case manage the new eligibles based on the DA's actual current caseload of 1 social services worker per 138.6 cases during FY 02 and FY 03 and 7 SSW II positions (1 additional) for FY 04, 1 Home and Community Services Area supervisor and 1 Clerk Typist II.

208.816 Transition to Independence Grants

There would be no immediate fiscal impact on the DAIS as a result of the proposed legislation. As individuals with disabilities return to the community from institutional settings, it is possible that some facilities inspected by the DAIS could see a decrease in their resident census; however, with the rapid growth expected over the next twenty years in the elderly population, the DAIS cannot readily determine the degree of the impact on facilities. Additionally, since the decision to return to the community is vested with the individual. The DAIS cannot determine the location or level-of-care of facilities that may see a reduction in residents.

Although there is no immediate fiscal impact on the DAHCS, there may be a long range fiscal impact from the proposed legislation due to a possible increase in the number of persons transitioning from the nursing homes or institutional based settings into the community. Therefore, based upon the increase in the number of persons returning to the community there may be additional individuals who will require in-home services which would result in a need for additional case managers (social service workers).

Based on previous experience, the following amounts represent the average annual expense of an FTE:

- Rent (Statewide Average) - $2,700 per FTE ($13.50 per sq. ft. x 200 sq. ft.)
- Utilities - $320 per FTE ($1.60 per sq. ft. x 200 sq. ft.)
- Janitorial/Trash - $200 per FTE ($1.00 per sq. ft. x 200 sq. ft.)
- Other Expenses - $3,906 per FTE (includes travel, office supplies, professional development, telephone charges, postage and all other expenses not itemized above.)

In addition to the above standard costs, systems furniture for the new staff in Taney, Jackson, Pettis, Buchanan, and Macon counties will be needed at a cost of $4,500 per FTE. Desktop PCs will be needed for all new staff at a cost of $2,099 per FTE.

ASSUMPTION (continued)

FY 02 costs are based on the ten (10) month period September 1, 2001 through June 20, 2002. FY 03 and FY 04 costs include a 3.0% inflation adjustment for expense & equipment costs and a 2.5% inflation adjustment for personal services.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE			
Savings - Department of Social Services			
Reduction in Personal Services	$241,547	$247,647	$253,867
Contracted Services Cost Savings	$360,414	$360,414	$360,414
Total Savings - Department of Social Services	$601,961	$608,061	$614,281
Program Savings - Department of Social Services - Division of Family Services			
Maintenance Cost Savings - Non-Eligible Children	$7,004,395	$9,346,903	$10,906,372
Maintenance Cost Savings - Reduction in Maintenance Payments	$2,541,479	$3,390,565	$3,956,349
Maintenance Cost Savings - Reduction in Maintenance Payments - Multiple Children	$429,519	$573,017	$668,636
Support Services Cost Savings	$2,126,784	$2,838,053	$3,311,563
Total Program Savings - Department of Social Services - Division of Family Services	$12,102,177	$16,148,538	$18,842,920
Costs - Department of Social Services - Division of Aging			
Personal Services (6.5 FTE)	($151,792)	($186,706)	($213,339)
Fringe Benefits	($50,592)	($62,229)	($71,106)
Equipment and Expense	($63,656)	($42,937)	($54,063)
Total Costs - Division of Aging	($266,040)	($291,872)	($338,508)

GENERAL REVENUE (cont.)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Costs - Department of Social Services - Division of Family Services			
Personal Services (1 FTE)	$0	($20,442)	($20,953)
Fringe Benefits	$0	($6,813)	($6,984)
Equipment and Expense	$0	($7,272)	($1,372)
Subsidized Guardianship Expenditures	($1,892,773)	($3,030,476)	($3,536,138)
Movement from GAFP to TANF	($2,480,400)	($3,310,320)	($3,862,560)
Total Costs - Division of Family Services	($4,373,173)	($6,375,323)	($7,428,007)
Costs - Department of Social Services - Division of Medical Services			
Personal Services (2.5 FTE)	($96,463)	($98,875)	($101,348)
Fringe Benefits	($32,151)	($32,955)	($33,779)
Equipment and Expense	($51,103)	($34,374)	($34,429)
Medical Assistance Payments	($2,800,736 to $5,468,199)	($7,581,282 to $10,248,754)	($9,051,977 to $11,719,440)
Total Costs-Division of Medical Services	($2,980,453 to $5,647,916)	($7,747,486 to $10,414,958)	($9,221,533 to $11,888,996)
NET ESTIMATED EFFECT ON GENERAL REVENUE FUND	**$2,417,009 to $5,084,472**	**($325,554) to $2,341,918**	**($198,310) to $2,469,153**

FEDERAL FUNDS			
Savings - Department of Social Services			
Reduction in Personal Services	$394,101	$404,055	$414,205
Program Savings - Department of Social Services			
Contract Cost Savings	$360,414	$360,414	$360,414
Income - Department of Social Services - Division of Aging			
Medicaid Reimbursements	$143,253	$157,161	$182,276

FEDERAL FUNDS (cont.)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Income - Department of Social Services - Division of Family Services			
Medicaid Reimbursements	$0	$17,007	$14,435
Income - Department of Social Services - Division of Medical Services			
Medicaid Reimbursements	$179,721	$166,208	$169,559
Medical Assistance Payments	$5,133,603 to $9,485,779	$12,696,202 to $17,048,378	$15,072,894 to $19,425,070
Total Income - Division of Medical Services	$5,313,324 to $9,665,500	$12,862,410 to $17,214,586	$15,242,453 to $19,594,629
Costs - Department of Social Services - Division of Aging			
Personal Services (3.5 FTE)	($81,734)	($100,534)	($114,875)
Fringe Benefits	($27,242)	($33,508)	($38,288)
Equipment and Expense	($34,277)	($23,119)	($29,113)
Total Costs - Division of Aging	($143,253)	($157,161)	($182,276)
Costs - Department of Social Services - Division of Family Services			
Personal Services (0.33 FTE)	$0	($10,069)	($10,320)
Fringe Benefits	$0	($3,356)	($3,440)
Equipment and Expense	$0	($3,582)	($675)
Total Costs - Division of Family Services	$0	($17,007)	($14,435)
Costs - Department of Social Services - Division of Medical Services			
Personal Services (2.5 FTE)	($96,466)	($98,877)	($101,348)
Fringe Benefits	($32,152)	($32,956)	($33,779)
Equipment and Expense	($51,103)	($34,375)	($34,432)
Medical Assistance Payments	($5,133,603 to $9,485,779)	($12,696,202 to $17,048,378)	($15,072,894 to $19,425,070)
Total Costs-Division of Medical Services	($5,313,324 to $9,665,500)	($12,862,410 to $17,214,586)	($15,242,453 to $19,594,629)

FEDERAL FUNDS (cont.)

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
Loss - Department of Social Services			
Reduction in Medicaid Funding -			
Reduction in Personal Services	($394,101)	($404,055)	($414,205)
Contract Cost Savings	($360,414)	($360,414)	($360,414)
	($754,515)	($764,469)	($774,619)
NET ESTIMATED EFFECT ON FEDERAL FUNDS*	**$0**	**$0**	**$0**

*** Revenues and expenditures between $11 million and $21 million annually net to $0.**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

There may be an economic impact on the nursing facilities as disabled individuals leave the facilities and return to the community and on those who provide services to the individuals in a community setting. The net effect is unknown.

DESCRIPTION

The proposed legislation would allow a recipient's enrollment in education programs beyond secondary education to qualify as a work activity for purposes of receipt of temporary assistance for needy families. The recipient shall be subject to the sixty-month lifetime limit for receipt of temporary assistance for needy families unless otherwise excluded by rule of the Division of Family Services. The Department of Social Services is to provide a detailed report on the temporary assistance for needy families program to the house appropriations for social services committee, the house social services, Medicaid and elderly committee, and the senate aging, families and mental health committee every two years beginning January 1, 2002.

This proposal would establish eligibility requirements for needy persons to receive medical assistance. These requirements would be derived from the federal Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIIA). The proposal would authorize medical assistance to be paid for a person who is employed and who: (1) meets the definition of the term

DESCRIPTION (continued)

"disabled" under the Supplemental Security Income Program or meets the definition of employed individual with a medically improved disability under TWWIIA; (2) meets the asset limits specified in the proposal; and (3) has an annual income of 250% or less of the federal poverty guidelines. Income would not include any income of the person's spouse or children. Individuals with incomes greater than 150% of the federal poverty guidelines would pay a premium for participation. A person otherwise eligible for medical assistance under the proposal would not lose eligibility if he or she maintains an independent living development account, as defined in the proposal. These accounts would not be considered an asset for determining eligibility until that person reaches 65 years of age. If an eligible individual's employer offers employer-sponsored health insurance and the Department of Social Services determines that it is more cost-effective than medical assistance, the individual would participate in the employer--sponsored insurance. The department would pay the individual's portion of the premiums, copayments, and other associated costs. Medical assistance would be provided to an eligible person as a secondary or supplemental policy to any employer-sponsored benefits available to that person. The department would submit appropriate documentation to the federal government for approval and would apply for all grants available to offset the costs associated with the proposal's provisions. The department of social services shall not contract for the collection of premiums pursuant to this legislation, but instead will collect premiums through the monthly electronic funds transfer or employer deduction. Recipients of services who pay a premium shall do so by electronic funds transfer or employer deduction unless good cause is shown to pay otherwise.

In addition, this proposal would also revise Section 208.151, RSMo, concerning the eligibility to receive medical assistance by requiring that every aged, blind, or disabled person with an annual income up to 100% of the federal poverty level would be eligible to receive assistance. The Department of Social Services would be required to apply to the Secretary of the U.S. Department of Health and Human Services for a modification of any existing waiver or for any new waivers which would be necessary to implement this requirement. Upon receipt of the waiver, the department would be required to provide medical assistance to these eligible persons.

Persons who have been diagnosed with breast or cervical cancer and who are eligible for coverage shall be eligible during a period of presumptive eligibility in accordance with 42 U.S.C. 1396r-1.

Persons institutionalized in nursing homes who are Medicaid eligible and who wish to move back into the community shall be eligible for a one-time Missouri transition to independence grant. The Missouri transition to independence grant is limited to up to $1,500 to offset the initial day payments and setup costs associated with housing a person with disabilities as such person moves out of a nursing home. The Division of Vocational Rehabilitation and

DESCRIPTION (continued)

Department of Social Services shall cooperate in actively seeking federal and private grant moneys to fund this program, except that the grant moneys shall not limit the General Assembly from appropriating moneys for the Missouri transition to independence grants. Representatives of disability-related community organizations will have reasonable access to the premises and residents of nursing facilities, habilitation centers, residential care facilities and other facilities to inform residents of community options, assess interest in community placement, and plan and facilitate any transition chosen by the resident.

The proposed legislation adds adult first cousins of the child to the list of relatives eligible to receive adoption subsidies.

The proposed legislation would provide that a grandparent will be able to participate in the Grandparents as Foster Parents Program if the grandparent has an annual household of less than two hundred percent of the federal poverty level. The Division of Family Services is to annually review the eligibility of the grandparents participating in the program. Subject to appropriations, the Grandparents as Foster Parents Program will reimburse up to seventy-five percent of the current foster care rate to eligible grandparents. The division will also establish criteria for the reduction in cash benefits received if the grandparent is providing care for three or more grandchildren. The provisions of this legislation are not to be construed to create an entitlement for participants.

The proposed legislation contains an emergency clause to enact the foster care sections of the legislation.

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

Office of State Courts Administrator
Office of the Governor
Department of Elementary and Secondary Education
Department of Health
Department of Labor and Industrial Relations
Office of Lieutenant Governor
Office of Secretary of State
Department of Social Services
Department of Mental Health
Missouri House of Representatives

Jeanne Jarrett
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