

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1350-01  
Bill No.: SB 318  
Subject: Disabilities; Elderly; Family Services Division; Health Care; Medicaid; Public Assistance; Social Services Department  
Type: #Updated  
Date: April 24, 2001  
#Updated to reflect new information from the Department of Social Services.

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
General Revenue	(\$2,221,226 to \$4,888,689)	(\$5,811,740 to \$8,479,203)	(\$6,549,789 to \$9,217,252)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$2,221,226 TO \$4,888,689)</b>	<b>(\$5,811,740 TO \$8,479,203)</b>	<b>(\$6,549,789 TO \$9,217,252)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Revenue and expenditures of approximately \$14 million annually expected to net to \$0.**

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

---

## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Social Services (DOS)** state the following about the proposal:

#### **Section 208.151**

**DOS - Division of Aging (DA)** officials state they assumed for Institutional Services the increase in the number of individuals eligible for Medicaid services would directly affect the number of surveys, inspections, and complaint investigations required in long-term care 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 year 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 assumed for Home and Community Services that DFS would calculate the fiscal impact associated with determining eligibility for under the new requirements, DMS would determine the fiscal impact associated with the cost of services for the new group of eligible recipients, and DLS would determine the fiscal impact associated with the cost of any administrative hearings. DA states that, based on information provided by DFS, it is projected that 25% of the QMB eligibles would qualify under the raise in income limits. Therefore, DA estimates that only 2,971 QMB (25%) of the 11,882 QMB eligibles would result in cases requiring case management services due to the increase in the income level to 100% of the federal poverty level (FPL). DA assumes that the spenddown clients and the Blind Pension (BP) clients who become eligible because of the increase requirements who are currently receiving in-home services are already being case managed and, therefore, will not increase the number of potential eligibles.

DA stated that according to the DOS - Research and Evaluation Unit there were 69,928 Medicaid recipients age 65 and over in FY 2000. As of June 30, 2000, DA had authorized in-home services to just over 20,363 Medicaid in-home service recipients age 65 or over. Based on the assumption that the participation rate for in-home services is 29.12% (20,363/69,928) DA 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, DA estimates that 865 new clients would require case management in the first year. Based upon a growth factor of 3.94%, DA estimates that 899 (865 x 103.94%) clients would require case management in the second year and 935 (865 x 103.94% x 103.94%) in the third year. DA would need eleven (11) additional Social Service Worker II (SSW) positions in the first year to case manage the new eligibles based on current average caseload size of 80 cases per SSW (899 /

ASSUMPTION (continued)

80 = 10.8125). DA would need no additional workers the second year ( $899 / 80 = 11.2375$ ) and one additional position the third year ( $935 / 80 = 11.6875$ ). DA would also need one (1) Home and Community Services Area Supervisor based on current supervision levels of one supervisor for every nine SSW and one (1) Clerk Typist II position to provide clerical support to the Area Supervisor and SSW staff. DA would add the supervisor and clerical support staff in the first year.

**DOS - Division of Medical Services (DMS)** officials stated they worked with the Division of Family Services to identify the population that would be proposed for full medical assistance. DMS stated the population would include spenddown, Qualified Medicare Beneficiary (QMB) only, and Blind Pension eligibles. These populations are currently receiving a limited medical services benefit but this proposal would allow the eligibles to receive the full benefit. Currently there are 10,908 spenddown eligibles, 2,971 QMB only eligibles, and 2,611 Blind Pension eligibles. DMS states there are individuals that would be eligible for the spenddown program but are not enrolled. DMS assumes that this population might present themselves for medical coverage if this proposal is adopted but DMS is unable to estimate this population.

Spenddown - DMS assumes that the 10,908 eligibles would be phased in over a six month time period. DMS also assumes a monthly cost of \$116.75 which is based on report produced by Myers and Stauffer. DMS assumes a four percent 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 assumes that only 25% of this population would apply and subsequently be found eligible due to the limitation of resources. DMS assumes a monthly cost of \$166.00 which is the difference between 100% of federal poverty level and the social security income maximum. DMS assumes a four percent increase in medical cost each year and caseload increase of 3.94% each year. DMS also assumes that these eligibles would be phased in over a six month time period.

Blind Pension - The current caseload for this population is 2,611. DFS assumes that 37 eligibles of this population would be eligible for the full Medicaid benefits with this proposal. Since the medical payments for this population is currently 100% General Revenue and since they do not receive the full Medicaid benefits, DMS assumes a reduction in General Revenue 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 would be matched at the 50/50 General Revenue/Federal Funds rate.

ASSUMPTION (continued)

**DOS - Division of Family Services (DFS)** stated 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. 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
<u>x 45%</u>	% 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
<u>X 25%</u>	% of QMB only population
2,971	QMB only cases eligible for federal Medicaid funding

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

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. 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. DFS assumes a zero fiscal impact if this proposal is enacted.

#### ASSUMPTION (continued)

#**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 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.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Savings - Department of Social Services</u>			
Reduction in personal services#	\$241,547	\$247,647	\$253,867
<u>Costs - Department of Social Services - Division of Medical Services</u>			
Medical assistance payments (section 208.151)	(\$2,058,996 to \$4,726,459)	(\$5,612,654 to \$8,280,117)	(\$6,307,149 to \$8,974,612)
<u>Costs - Department of Social Services - Division of Aging</u>			
Personal services (9.10 FTE)	(\$234,586)	(\$288,541)	(\$319,047)
Fringe benefits	(\$78,188)	(\$96,171)	(\$106,338)
Expense and equipment	<u>(\$91,003)</u>	<u>(\$62,021)</u>	<u>(\$71,122)</u>
Total <u>Costs</u> - Division of Aging	<u>(\$403,777)</u>	<u>(\$446,733)</u>	<u>(\$496,507)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$2,221,226 TO \$4,888,689)</u></b>	<b><u>(\$5,811,740 TO \$8,479,203)</u></b>	<b><u>(\$6,549,789 TO \$9,217,252)</u></b>

## FEDERAL FUNDS

Savings - Department of Social Services

MW:LR:OD (12/00)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Reduction in personal services#	\$394,101	\$404,055	\$414,205

Income - Department of Social Services -  
 Division of Medical Services

Medicaid reimbursements#	\$3,381,828 to \$7,734,004	\$8,986,322 to \$13,338,498	\$10,112,001 to \$14,464,177
--------------------------	-------------------------------	--------------------------------	---------------------------------

Income - Department of Social Services -  
 Division of Aging

Medicaid reimbursements	\$217,416	\$240,548	\$267,349
-------------------------	-----------	-----------	-----------

Costs - Department of Social Services -  
 Division of Medical Services

Medical assistance payments (section 208.151)#	(\$3,381,828 to \$7,734,004)	(\$8,986,322 to \$13,338,498)	(\$10,112,001 to \$14,464,177)
--	---------------------------------	----------------------------------	-----------------------------------

Costs - Department of Social Services -  
 Division of Aging

Personal services (4.90 FTE)	(\$126,316)	(\$155,369)	(\$171,795)
Fringe benefits	(\$42,101)	(\$51,784)	(\$57,259)
Expense and equipment	(\$48,999)	(\$33,395)	(\$38,295)
Total <u>Costs</u> - Division of Family Services	<u>(\$217,416)</u>	<u>(\$240,548)</u>	<u>(\$267,349)</u>

Loss - Department of Social Services

#Reduction in Medicaid reimbursements	(\$394,101)	(\$404,055)	(\$414,205)
---------------------------------------	-------------	-------------	-------------

**ESTIMATED NET EFFECT ON  
 FEDERAL FUNDS**

**\$0                      \$0                      \$0**

**\*Revenue and expenditures of approximately \$14 million annually and expected to net to \$0.**

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would expand Medicaid eligibility to 100 percent of the federal poverty level. Section 208.151, RSMo, currently lists those individuals who are eligible for medical assistance. This proposal would revise that section to provide that every aged, blind, or disabled person with an annual income at or below 100 percent of the federal poverty level would be eligible for Medicaid. The Department of Social Services would apply with the Department of Health and Human Services for all necessary waivers in order to implement this revision.

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

A handwritten signature in black ink, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA  
Director

April 24, 2001