

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4392S.01I  
Bill No.: SB 773  
Subject: Disabilities; Health Care; Insurance - Health; Medicaid; Public Assistance;  
Department of Social Services  
Type: Original  
Date: January 3, 2022

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Bill Summary: This proposal modifies the Ticket to Work Health Assurance program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
General Revenue	(\$852,605)	(\$746,746)	(\$756,872)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$852,605)</b>	<b>(\$746,746)</b>	<b>(\$756,872)</b>

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

Numbers within parentheses: () indicate costs or losses.

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

\* Income and expenditures exceed \$1 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §208.146 – Changes to the Ticket to Work Health Assurance program

Officials from the **Department of Social Services (DSS), Family Support Division (FSD)** determined there would be 12,341 individuals eligible for this program already receiving some type of MO HealthNet benefits. FSD determined these individuals by identifying the current population who meet the new eligibility parameters described in the proposal. This population includes the 2,355 current Ticket to Work Health Assurance program eligibles, 9,468 individuals receiving other MO HealthNet benefits and 500 receiving Qualified Medicaid Beneficiary/Specified Low-Income Medicare Beneficiary (QMB/SLMB) only. Because these QMB/SLMB only cases do not currently receive full MO HealthNet benefits, any new cases resulting from that population are included in the calculation of new eligibles.

FSD determined there will be 517 new MO HealthNet cases eligible for the MO HealthNet TWHA program if the income and countable asset eligibilities are changed as proposed.

FSD arrived at 517 new cases in this manner:

The data collected to determine the number of individuals assumed to be eligible include all individuals age 16 to 64, employed with taxes withheld from their income, and income after deductions under 250% of FPL. The income was determined by deducting the first \$50,000 of the disabled worker's spouse's income, all SSI payments and all of any other individual's income in the household. FSD was not able to also include the other applicable deductions in the calculation due to system limitations.

In FY 2021, FSD closed or rejected (due to excess resources over \$5,000 for an individual and \$10,000 for a couple, including retirement funds as countable assets) 321 MO HealthNet applications of employed individuals, age 16 to 64, claiming a disability. Of those, 17 individuals had income after deductions (using the parameters explained above) of less than 250% FPL. Sixteen (16) of these individuals would be eligible for the Ticket to Work Health Assurance program at a non-premium level while one (1) would be eligible at a premium level.

Total New Cases from MHABD Rejections:

16 (non-premium)

1 (premium)

**17 Subtotal**

FSD would also see an increase in eligibles from the QMB/SLMB population due to the change in countable assets. In FY 2021, there was an average of 2,126 QMB persons. Of these, 158 individuals would be eligible for the Ticket to Work Health Assurance program. 152 of these

individuals would be eligible at a non-premium level, while 6 would be eligible at a premium level.

Total New Cases from QMB:  
152 (non-premium)  
6 (premium)  
**158 Total**

In FY 2021, there was an average of 5,212 SLMB persons who would meet the current resource limits if the changes in countable assets are implemented. Of these, 342 would be eligible for the Ticket to Work Health Assurance program. 223 of these individuals would be eligible at a non-premium level.

Total New Cases from SLMB:  
223 (non-premium)  
119 (premium)  
**342 Total**

Total New Cases from QMB and SLMB:  
158 (QMB)  
342 (SLMB)  
**500 New Cases Total**

FSD anticipates a potential increase in applications as a result of the change in types of countable resources and changes in income calculations. These applications would come from a previously unknown population who currently choose not to apply due to the current countable resource inclusions and/or income guidelines.

FSD previously reported the number of Missouri individuals age 19 to 64, who are uninsured/not on MHN, who claim a health problem limiting work, who are employed, have income between 101% - 200% FPL, but are not married. According to the most recent U.S. Census Bureau data, there are zero individuals in this population.

Total New MO HealthNet Cases:  
17 (MHABD rejections/closures)  
158 (QMB)  
342 (SLMB)  
**517 New Cases Total**

FSD assumes existing staff will be able to complete necessary additional work as a result of this proposal.

FSD assumes the Office of Administration (OA), Information Technology Services Division (ITSD)/DSS will include the Family Assistance Management Information System (FAMIS)

programming costs for the system changes as well as the system-generated notice needed to implement provisions of this bill in their response.

Therefore, there is no fiscal impact to the Family Support Division.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for FSD.

Officials from the **DSS, MO HealthNet Division (MHD)** state FSD provided MHD with data on eligibles who would qualify for the TWHA program provisions under this bill. Out of these eligibles, there are two groups: those who currently receive MO HealthNet benefits under a different eligibility category; and those who are not currently receiving MO HealthNet benefits and would be new eligibles.

There are 12,323 eligibles who meet eligibility requirements to receive MO HealthNet benefits that also meet the new eligibility parameters described above. Out of the 12,323 eligibles, 2,356 are currently in the Ticket to Work program. That leaves 9,967 (12,323 – 2,356) eligibles who could switch to this new program. Out of the 9,967 eligibles, there are 8,146 that would not switch (i.e. no regular source of earned income, already receive full medical coverage, etc.). In addition, there are 158 individuals that currently receive full MO HealthNet benefits as dual eligibles (QMB only) that would not switch. That leaves **1,663** (9,967 – 8,146 – 158) eligibles that could switch.

Out of the 1,663 eligibles, 466 qualify under the "non-premium" will likely enroll in the modified Workers with Disabilities program because they don't currently meet spenddown; 343 non-premium will be added because they are only receiving limited medical benefits under Medicare now (SLMB and (Qualifying Individuals (QI) only); and 858 (348 non-premium and 510 premium) who currently meet spenddown. MHD assumes all individuals who currently meet spenddown that qualify for the non-premium program (0-100%) would switch over to avoid paying spenddown. MHD further assumes those that currently meet spenddown and qualify for the premium program would likely switch because paying the annual premium (4 to 6% of income) would be more affordable than meeting spenddown. However, the 858 individuals who meet spenddown receive full Medicaid coverage now. **Therefore, the only costs MHD includes in this estimate for this group are their spenddown amounts as MO HealthNet would now cover the costs of these services in lieu of the individual.**

FSD also identified 737 (428 non-premium and 309 premium) newly eligible individuals that are not receiving MO HealthNet benefits. Of those 737 individuals, 562 have already been identified as SLMB and QI individuals and 158 are QMB individuals that currently receive full MO HealthNet benefits as dual eligibles that wouldn't switch, which leaves 17 individuals that are not receiving MO HealthNet benefits. Due to this legislation, there are also 809 (451 non-premium and 358 premium) participants that will switch because they don't meet the spenddown now, or will add the Ticket to Work program because they are getting limited Medicare now.

This brings a grand total of 826 [467 = (16 + 451) non-premium, and 359 = (1 + 358) premium] participants that could be added.

An annual cost per person was calculated for the premium for personal care services (\$955) and nonemergency medical transportation (NEMT) (\$307) using FY 21 Ticket to Work expenditures. Also, an annual cost per person was calculated for the non-premium for personal care services (\$837) eligibles using FY 21 Ticket to Work expenditures.

The cost for new premium eligibles is \$685,298 [(personal care plus NEMT average cost) \* 543 possible premium participants added].

There are 427 additional eligibles who would switch for a total cost of \$1,462,937. The 83 premium eligibles would have to pay a premium. MHD calculated a total savings of \$1,416,323 from premium payments and QI/SLMB savings. The total cost for the premium group would be **\$1,539,054** (Cost for new premium eligibles + Spenddown eligibles – Premium collections – SLMB and QI savings).

\$685,298	Cost for new premium eligibles
+ \$2,270,078	Spend Down eligibles from TWHA population
- \$799,880	Premium collections
- \$616,442	QI/SLMB savings
<b>\$1,539,054</b>	<b>Total cost for premium group</b>

The costs for new non-premium eligibles is \$422,053 (average cost \* 504 possible non-premium participants added). There are 348 spenddown eligibles who would switch for a total cost of \$310,755. The total cost for non-premium eligibles is **\$202,096** (Cost for new eligibles + Spenddown eligibles – SLMB and QI savings).

\$422,053	Cost for new non-premium eligibles
+ \$310,755	Spend Down eligibles
- \$242,903	SLMB
- \$287,809	QI savings
<b>\$202,096</b>	<b>Total cost for non-premium group</b>

The total cost for the premium and non-premium groups is **\$1,741,150 (\$1,539,054 + \$202,096)**. This estimate includes costs for services provided by DHSS. MHD assumed a portion of these costs would be funded through other funding sources. To calculate the FY 23 cost, it is assumed there would only be 10 months of expenditures.

The proposed legislation is only including services for Personal Care and NEMT. If the proposed legislation passes, a waiver would need to be required to only have these services be covered.

Also, an update to the MMIS system would be needed due to limiting these individuals to only include Personal Care and NEMT services. An estimated cost for this update would be \$126,000.

For FY 23, MHD further assumed new eligibles would phase in, with 1/10 of the annual total adding to the program monthly. Beginning in FY 24, all eligibles are fully phased in.

For **new** non premium members, the annual total number of participants is estimated to be phased in at the end of ten months is 879. With phase in at 1/10 of this total per month ( $879 * 1/10 = 87.9$  individuals), MHD expects a cumulative effect of all new non premium participants phased in (87.9 in month 1; 175.8 in month 2; etc.) by the close of FY 23 for a cost of \$337,370.

Total cost for the non-premium group in FY 23 is estimated to be \$387,706:

$$\begin{aligned} & \$258,963 = (\$310,756/12) * 10 \text{ (Spend Down eligibles from TWHA)} \\ & + \$337,370 \text{ (New non premium eligibles)} \\ & - \$208,627 \text{ (Cumulative Medicare premium payments for new non premium eligibles)} \\ & \underline{\$387,706} \text{ Total costs for non-premium eligibles in FY 23} \end{aligned}$$

For **new** premium members, the annual total number of participants is estimated to be phased in at the end of ten month is 667. With phase in at 1/10 of this total per month ( $667 * 1/10 = 66.7$  individuals), MHD expects a cumulative effect of all premium participants phased in (66.7 in month 1; 133.4 in month 2; etc.) by the close of FY 23 for a cost of \$291,902.

$$\begin{aligned} & \$1,219,114 = (\$1,462,937/12) * 10 \text{ (Spend Down eligibles from TWHA population)} \\ & + \$664,514 = (\$797,417/12) * 10 \text{ (Other Spend Down eligibles)} \\ & - \$227,869 = (\$273,442/12) * 10 \text{ (Loss in premium collections from current eligibles)} \\ & + \$291,902 \text{ (Cumulative cost for new premium eligibles)} \\ & - \$110,395 \text{ (Cumulative Medicare premium payments for new premium eligibles)} \\ & - \underline{\$241,305} \text{ (Total estimated premium collections)} \\ & \underline{\$1,595,961} \text{ Total costs for premium eligibles in FY 23} \end{aligned}$$

The total cost of the new program eligibles in FY 23 is estimated at \$2,109,667 (\$1,983,667 cost for new eligibles and \$126,000 for MMIS updates).

A 1.7% inflation factor was used to calculate the total cost for FY 24 and beyond. Until the FY23 budget is finalized, specific funding sources cannot be identified.

The total costs including MMIS changes for this legislation are:

FY 23 (10 months):	Total: \$2,109,667 (\$837,625 GR; \$1,272,042 Federal)
FY 24:	Total: \$1,770,751 (\$746,746 GR; \$1,024,005 Federal)
FY 25:	Total: \$1,800,853 (\$756,872 GR; \$1,043,981 Federal)

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

DSS officials provided the response from the **Office of Administration (OA), Information Technology Services Division (ITSD)/DSS**. Officials from OA, ITSD/DSS state the bill will require changes to eligibility determinations, table values and reporting requirements, impacting the Family Assistance Management Information System (FAMIS) application.

OA, ITSD/DSS assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates for FAMIS are estimated at \$95/hour. It is assumed FAMIS modifications will require 315.36 hours for a cost of \$29,960 (315.36 \* \$95), split 50% GR; 50% Federal in FY 23 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 **Office of Administration - Budget and Planning** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.



<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - DSS (§208.146) Increase in state share of program costs pp. 5-7	(\$774,625)	(\$746,746)	(\$756,872)
<u>Costs</u> - DSS/MHD (§208.146) MMIS system updates p. 6	(\$63,000)	\$0	\$0
<u>Costs</u> - OA, ITSD/DSS (§208.146) FAMIS system updates p. 8	(\$14,980)	\$0	\$0
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$852,605)</u></b>	<b><u>(\$746,746)</u></b>	<b><u>(\$756,872)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income</u> - DSS (§208.146) Increase in program reimbursements pp. 5-7	\$1,209,042	\$1,024,005	\$1,043,981
<u>Income</u> - DSS/MHD (§208.146) MMIS system update reimbursements p. 6	\$63,000	\$0	\$0
<u>Income</u> - OA, ITSD/DSS (§208.146) FAMIS system update reimbursements p. 8	\$14,980	\$0	\$0
<u>Costs</u> - DSS (§208.146) Increase in program expenditures pp. 5-7	(\$1,209,042)	(\$1,024,005)	(\$1,043,981)
<u>Costs</u> - DSS/MHD (§208.146) MMIS system update expenditures p. 6	(\$63,000)	\$0	\$0
<u>Costs</u> - OA, ITSD/DSS (§208.146) FAMIS system update expenditures p. 8	(\$14,980)	\$0	\$0
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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

The Ticket to Work Health Assurance Program provides medical assistance through MO HealthNet for employed disabled persons who meet certain qualifications, including asset limits and earned, net, and gross income calculations. Under current law, disabled individuals whose income exceeds one hundred percent of the federal poverty level (FPL) pay a premium for participation in the program. If an eligible person's employer offers employer-sponsored health insurance and the Department of Social Services determines the employer-sponsored insurance is more cost effective, the Department will instead pay that person's costs for the employer-sponsored health insurance.

This act changes the program in the following ways: (1) excludes retirement accounts from asset limit calculations; (2) modifies the income calculation from a net/gross calculation to a broader definition that would consider income for those disabled persons with incomes up to 250% FPL, with earned income of the disabled worker from 250 to 300% FPL disregarded, and retaining the requirement that persons with incomes over 100% FPL pay a premium; (3) removes all earned income of the disabled worker from the list of disregards in income determinations; (4) adds to the list of disregards the first \$50,000 of earned income of a spouse; (5) if the Department elects to pay the person's costs of employer-sponsored health insurance, MO HealthNet assistance shall be provided as a secondary or supplemental policy for only personal care assistance services and non-emergency medical transportation; and (6) the Department shall provide an annual report to the General Assembly concerning the number of participants and outreach and education efforts (§208.146).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

L.R. No. 4392S.01I

Bill No. SB 773

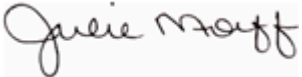
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SOURCES OF INFORMATION

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