

FISCAL NOTE

Bill #: SB 338

Title: Increase poverty level for CHIP

**Primary
Sponsor:** Dale Berry

Status: As Introduced

Sponsor Signature Date

Chuck Swysgood, Budget Director Date

Fiscal Summary

	FY2002 Difference	FY2003 Difference
Expenditures:	0	0
Revenue:	0	0
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
X		Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Current Law CHIP Assumptions

1. The Department of Public Health and Human Services (DPHHS) operates the Children's Health Insurance Program (CHIP), which is presently limited in statute to 150% of the federal poverty level.
2. The executive budget contains funding in the base budget and a requested present law adjustment for annualization of those base expenditures during the 2003 biennium for CHIP up to 150% of poverty, based upon existing benefits and projected caseloads. (As of February 2001, the department has indicated that CHIP is at full enrollment and a waiting list for admittance to the program has been started.)
3. Currently, if there is insufficient funding for the program, the department may limit admittance of participants to the program (create a waiting list) or reduce the poverty level for eligibility in order to reduce costs.

4. Under current law, if the department had excess general fund, they could transfer it to the CHIP program to serve any participants on the waiting list as long as eligibility was capped at 150% of poverty.

Proposed Legislation CHIP Assumptions

5. The executive budget contains a new funding request to increase the level of eligibility for CHIP to 160% of poverty.
6. Senate Bill 338 would allow the department discretion to set the eligibility level for CHIP at federal poverty levels ranging from 150% to 200% of poverty.
7. This bill provides DPHHS with the authority to limit the amount, scope or duration of services to meet the level of funding available. As noted in assumption 4. above, if the department has available general fund in other areas of the budget, they are not prohibited from moving those funds into the CHIP budget in order to mitigate any reduction in amount, scope or duration of services in a fiscal year. (Note: If funds are moved during a base budget year, they become part of the permanent base budget for the CHIP program.)
8. Under this bill, if the department has excess general fund, they could transfer them to the CHIP program, adjust the eligibility level to between 150% and 200% of poverty, and expand the program. Again, if this were done during a base budget year, the enhanced funding would become a permanent part of the base budget for the CHIP program.
9. For purposes of this fiscal note, assume the department would operate the program within the funding limits appropriated; therefore the bill would have no fiscal impact to DPHHS.

LONG-RANGE IMPACTS:

Historically the eligibility level defined by the percent of poverty for CHIP has been set based on the funding available in the program. Once a waiting list is created, based on the percent of poverty level established, that results in more clients waiting for services than funds available to provide those services. Under the proposed legislation, the poverty level is not established relative to funds available.

To avoid the following: 1) creating a long waiting list of people eligible at poverty levels exceeding the people who can be served with the funds available; or 2) serving people at higher income levels while people at lower poverty levels, who came later to the waiting list are still waiting to enter the program, permissive language in 53-4-1004(4), MCA, could be modified to be more directive requiring poverty levels to be set based on the level of available funding for the program.