

Fiscal Note Request HB0552, Third Reading

(continued)

The personal services costs of these new FTE would be \$33,341 per FTE (based on a Grade 12 Eligibility Examiner) for total personal services costs of \$25,006 in FY 2006 and \$100,023 in FY 2007. This is assuming the FTE's are hired on April 1, 2006 to allow for time to train and process applications prior to the effective date of this bill.

- a. FY 2006 = 3.00 FTE for 3 months at an annual salary of \$33,341 ($3 \times \$33,341 \times .25 = \$25,006$).
 - b. FY 2007 = 3.00 FTE for 12 months at an annual salary of \$33,341 ($3 \times \$33,341 = \$100,023$).
8. Projected direct operational costs per FTE would include communications at \$325, supplies and materials at \$600, new employee computer costs of \$1,203 per FTE, and new employee office package costs of \$1,793 per FTE. Total operational costs are calculated below:
- a. FY 2006 $(\$325 + \$600) \times .25 + \$1,203 + \$1,793 = \$3,227 \times 3 = \$9,681$
 - b. FY 2007 $\$325 + \$600 = \$925 \times 3 = \$2,775$
9. It is assumed that there will be \$5,000 of expenses related to outreach in FY 2006.
10. Medicaid administrative costs are funded at a split of 50 percent general funds and 50 percent federal funds.

System enhancements

- 11. System enhancements will be necessary to two agency systems, The Economic Assistance Management System (TEAMS) and Kids Insurance Data System (KIDS) to reflect the new criteria in determining Medicaid and Mental Health Services Plan eligibility.
- 12. It is assumed that contractor costs for system enhancements are \$102 per hour.
- 13. It is estimated that system enhancements to KIDS will take 19 hours for a cost of \$1,938 ($19 \times \102).
- 14. It is assumed that the system enhancements for TEAMS will include analysis and design and will require 64 hours, systems coding and code testing at 96 hours, system testing at 60 hours, user acceptance testing at 24 hours, and implementation at 8 hours, for a total of 252 hours. It is estimated this will cost at \$102.00 per hour totaling \$25,704 ($252 \times \$102 = \$25,704$).
- 15. Medicaid administrative costs are funded at a split of 50 percent general funds and 50 percent federal funds.
- 16. System enhancements for TEAMS will be required to be functional by July 1, 2006. System enhancement funding will be required to be appropriated in FY2006.

Benefit expenses

- 17. Benefit expenses are based on the FY 2004 average cost of a Medicaid non-disabled and non-foster care child. This average cost was trended forward at 4 percent per year and adjusted to reflect reduced mental health expenses. The average total benefit costs per eligible individual per month are estimated to be \$168.24 in FY 2007.
- 18. Expenditures at Indian Health Service (IHS) facilities and school-based services are reimbursed with 100 percent federal funds. All other benefits costs are funded at the Federal Medical Assistance Participation (FMAP) rate. FMAP is 70.08 federal funds and 29.92 state funds in FY 2007. Total benefit expenses are calculated as follows:

	<u>SFY 2007</u>
Number of eligible individuals per month	3,775
Average cost per eligible individual per month	168.24
Total Benefit Expenses	\$7,621,272
Costs at 100% Federal funding	\$1,521,950
Federal share at FMAP	\$4,274,405
State share	\$1,824,917

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(continued)

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
FTE	.75	3.00
<u>Expenditures:</u>		
Personnel Expenses	\$25,006	\$100,023
Operating Expenses	42,324	2,775
Benefit Expenses	<u>0</u>	<u>7,621,272</u>
TOTAL	\$67,330	\$7,724,070
<u>Funding of Expenditures:</u>		
General Fund (01)	\$33,665	\$0
State Special Revenue (02)	0	1,876,316
Federal Special Revenue (03)	<u>33,665</u>	<u>5,847,754</u>
TOTAL	\$67,330	\$7,724,070
<u>Revenues:</u>		
Federal Special Revenue (03)	\$33,665	\$5,847,754
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$33,665)	\$0
State Special Revenue (02)	\$0	(\$1,876,316)
Federal Special Revenue (03)	\$0	\$0

TECHNICAL NOTES:

1. The assumption is made that HB 552 is intended to only affect children eligible under the poverty-level related children's Medicaid coverage groups. HB 552 will not change the resource eligibility requirements for children eligible under any other Medicaid coverage group, including, but not limited to, pregnancy, disability and medically needy; nor would it affect children eligible with their parents/specified caretaker relatives under Section 1931 Medicaid.
2. Changes reflected in HB 552 would require the Department to submit State Plan Amendments for the poverty-level related children's Medicaid coverage groups. These Amendments require federal approval. State rule changes for these children's coverage groups would also be required.
3. This bill modifies the usage of funds identified in Initiative I-149 passed in 2004 and appropriates funds already designated in the proposed executive budget and modified by the Appropriations Subcommittee for Health and Human Services for use in other areas. The appropriation of the funds for this bill will impact the long-term viability of the availability of funds for the programs currently under consideration in HB2.