



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

| | | | |
|-------------------------|---------------|----------------|---------------------------------|
| Bill # | HB0387 | Title: | Increase CHIP eligibility level |
| Primary Sponsor: | Caferro, Mary | Status: | As Introduced |

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

| | <u>FY 2008</u> <u>Difference</u> | <u>FY 2009</u> <u>Difference</u> | <u>FY 2010</u> <u>Difference</u> | <u>FY 2011</u> <u>Difference</u> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures: | | | | |
| General Fund | \$1,450,163 | \$1,546,202 | \$1,637,471 | \$1,734,254 |
| Federal Special Revenue | \$5,162,529 | \$5,447,025 | \$5,769,550 | \$6,109,499 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Net Impact-General Fund Balance | <u>(\$1,450,163)</u> | <u>(\$1,546,202)</u> | <u>(\$1,637,471)</u> | <u>(\$1,734,254)</u> |

Description of fiscal impact:

This bill changes the Children Health Insurance Program (CHIP) eligibility from 151 percent to up to 200 percent of the Federal Poverty Level (FPL), potentially increasing the enrollment in the program if adequate funding, state and federal, is available.

FISCAL ANALYSIS

Assumptions:

- CHIP eligibility will be established from 151 up to 200 percent of the federal poverty level (FPL) dependent on a Department of Public Health and Human Services determination that funding is adequate to support the FPL level set.
- For purposes of illustrating the cost of this bill, the federal legislation reauthorizing CHIP funding is assumed to be sufficient to support setting the federal poverty level at 200 percent as of July 1, 2007, the effective date of the bill.
- It is assumed that existing funding proposed in the Governor's Budget will provide for CHIP coverage for those children at or below 150 percent FPL.
- The funding identified for this bill is the additional funding necessary to provide CHIP coverage for those children in the 151 percent to 200 percent FPL range.

5. The 2006 number of uninsured Montana children estimated by the University of Montana Bureau of Business and Economic Research is that there are 5,000 uninsured children between 151 percent and 200 percent who would be eligible. Of that figure, it is estimated that 70 percent would enroll in CHIP (5,000 X 70%= 3,500 new enrollees).
6. The Federal Medical Assistance Percentage (FMAP) is based on the following:
 - a. Fiscal Year 2008 is 21.93% state/78.07% federal
 - b. Fiscal Year 2009 through 2011 is 22.11% state/77.89% federal
7. Department of Public Health and Human Services (DPHHS) will hire 2.00 FTE, pay band 03 Eligibility Assistants at market rate for program eligibility determinations. It is estimated that the personal services will cost \$78,548 in FY 2008, \$78,548 in FY 2009, an increase of 2.5 percent in FY 2010 \$80,512, and an increase of 2.5 percent in FY 2011 \$82,525.
8. Operations are affected by the hire of 2.00 FTE resulting in an increase of \$8,394 in FY2008 (office package \$1,375, and PC, \$1,400, and annual operating costs of \$1,422 times 2), in FY 2009 \$2,844, an increase of 2.5 percent in FY 2010, \$2,916, and an increase of 2.5 percent in FY 2011, \$2,988.
9. Expenditures are affected due to the Third Party Administrative Fee (TPA). The rate is \$5.00 in calendar 2007 and increases to \$5.20 in 2008, \$5.43 in 2009, \$5.70 in 2010 and \$5.99 in 2011.

| TPA Schedule | Rate per Enrollee | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------------|-------------------|------------------|------------------|------------------|------------------|
| July 2007-Sept 2007 | \$5.00 | \$52,500 | | | |
| Oct 2007-June 2008 | \$5.20 | \$163,800 | | | |
| July 2008-Sept 2008 | \$5.20 | | \$54,600 | | |
| Oct 2008-June 2009 | \$5.43 | | \$171,045 | | |
| July 2009-Sept 2009 | \$5.43 | | | \$57,015 | |
| Oct 2009-June 2010 | \$5.70 | | | \$179,550 | |
| July 2010-Sept 2010 | \$5.70 | | | | \$59,850 |
| Oct 2010-June 2011 | \$5.99 | | | | \$188,685 |
| Totals by Fiscal Year | | \$216,300 | \$225,645 | \$236,565 | \$248,535 |

10. The Benefits expenditures are affected due to the claims cost increase for the new enrollees and claims expenditures for dental, vision pharmacy and medical. The rate for all claims is currently \$143.79 and increases approximately 6 percent per year, \$152.37 in 2008, \$161.47 in 2009, \$171.135 in 2010 and \$181.365 in 2011.

| Claims rate Schedule | Rate per Enrollee | FY 2008 | FY 2009 | FY 2010 | FY 2011 |
|------------------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
| July 2007-Sept 2007 | \$143.79 | \$1,509,795 | | | |
| Oct 2007-June 2008 | \$152.37 | \$4,799,655 | | | |
| July 2008-Sept 2008 | \$152.37 | | \$1,599,885 | | |
| Oct 2008-June 2009 | \$161.47 | | \$5,086,305 | | |
| July 2009-Sept 2009 | \$161.47 | | | \$1,695,435 | |
| Oct 2009-June 2010 | \$171.14 | | | \$5,390,594 | |
| July 2010-Sept 2010 | \$171.14 | | | | \$1,796,866 |
| Oct 2010-June 2011 | \$181.37 | | | | \$5,712,840 |
| Totals by Fiscal Year | | \$6,309,450 | \$6,686,190 | \$7,086,029 | \$7,509,706 |

To open the spreadsheet below, right click on the spreadsheet, select Worksheet Object/Edit. To exit the spreadsheet, click outside of the spreadsheet.

| | <u>FY 2008</u> <u>Difference</u> | <u>FY 2009</u> <u>Difference</u> | <u>FY 2010</u> <u>Difference</u> | <u>FY 2011</u> <u>Difference</u> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact:</u> | | | | |
| FTE | 2.00 | 2.00 | 2.00 | 2.00 |
| <u>Expenditures:</u> | | | | |
| Personal Services | \$78,548 | \$78,548 | \$80,512 | \$82,524 |
| Operating Expenses | \$224,694 | \$228,489 | \$239,480 | \$251,523 |
| Benefits | \$6,309,450 | \$6,686,190 | \$7,086,029 | \$7,509,706 |
| TOTAL Expenditures | <u><u>\$6,612,692</u></u> | <u><u>\$6,993,227</u></u> | <u><u>\$7,406,021</u></u> | <u><u>\$7,843,753</u></u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$1,450,163 | \$1,546,202 | \$1,637,471 | \$1,734,254 |
| Federal Special Revenue (03) | \$5,162,529 | \$5,447,025 | \$5,768,550 | \$6,109,499 |
| TOTAL Funding of Exp. | <u><u>\$6,612,692</u></u> | <u><u>\$6,993,227</u></u> | <u><u>\$7,406,021</u></u> | <u><u>\$7,843,753</u></u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Federal Special Revenue (03) | \$0 | \$0 | \$0 | \$0 |
| TOTAL Revenues | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

| | | | | |
|------------------------------|---------------|---------------|---------------|---------------|
| General Fund (01) | (\$1,450,163) | (\$1,546,202) | (\$1,637,471) | (\$1,734,254) |
| Federal Special Revenue (03) | (\$5,162,529) | (\$5,447,025) | (\$5,768,550) | (\$6,109,499) |

Technical Notes:

1. The Federal Administrative Cap of 10 percent would not be exceeded with the 200 percent of the FPL.
2. It is assumed that 53-4-1004 section 5 refers the sufficient available funds of both general and federal funds.
3. The CHIP program is scheduled for federal re-authorization during federal fiscal year 2007, it is not known at this time what the grant allocations will be to each state.
4. The current federal grant allocation is not sufficient to sustain current CHIP enrollment beyond federal fiscal year 2009.

Sponsor's Initials

Date

Budget Director's Initials

Date