



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # HB0577

Title: Children's health care act

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	\$459,223	\$905,636	\$1,082,764	\$1,213,072
State Special Revenue - Medicaid	\$950,646	\$2,039,508	\$2,150,868	\$2,273,806
State Special Revenue - CHIP	(\$950,646)	(\$2,039,508)	(\$2,150,868)	(\$2,273,806)
Federal Special Revenue CHIP	(\$3,384,266)	(\$7,184,862)	(\$7,577,166)	(\$8,010,255)
Federal Special Revenue Medicaid	\$3,081,590	\$6,407,849	\$7,035,127	\$7,586,091
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue CHIP	\$0	\$0	\$0	\$0
Federal Special Revenue Medicaid	\$3,081,590	\$6,407,849	\$7,035,127	\$7,586,091
Net Impact-General Fund Balance	<u>(\$459,223)</u>	<u>(\$905,636)</u>	<u>(\$1,082,764)</u>	<u>(\$1,213,072)</u>

Description of fiscal impact:

This bill proposes to increase children's eligibility for Medicaid from 100% of the Federal Poverty Level (FPL) to 133% of the FPL.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

- The current per member per month cost of a child on Medicaid is \$131.56. Medicaid annual growth rate is 6%. The per member per month cost is 2006 Medicaid data excluding costs of Community Mental Health Centers, Residential Treatment Centers, Therapeutic Foster Care and Therapeutic Group Homes.

2. The effect on funds is based on a Federal Medical Assistance Percentages (FMAP) for Medicaid of 68.61% in FY 2008 and 68.51% in FY 2009 through FY 2011.
3. Children’s Health Insurance Program (CHIP) children (between ages 6 and 18 years) with income between 101% and 133% of FPL will switch from CHIP to Medicaid over a 12-month period. There are currently 4,889 children in this income range. FY 2008 includes one half of the 4,889 eligible children. CHIP provides 12 months of continuous eligibility and requires a family to reapply at the end of that 12-month period. At the time of re-enrollment, the child would move to the Medicaid program.
4. The number of children (between ages 6 and 18 years) added to Medicaid will remain constant. The number of children who “age out” of eligibility when they become 19 will be replaced by an estimated equal number that will remain the program after they become 7 years old and continue at the same level of coverage, 133% and below.
5. Total additional Medicaid expenses as a result of children moving from CHIP to Medicaid are depicted in the following graph:

Table 1	CHIP Children Moving to Medicaid - Additional Medicaid costs				
	Children	Cost per child per month	Total Cost	General Fund	Federal Funds
FY 2008	2,445	\$131.56	\$3,859,970	\$1,211,645	\$2,648,326
FY 2009	4,889	\$139.45	\$8,181,253	\$2,576,276	\$5,604,976
FY 2010	4,889	\$147.82	\$8,672,304	\$2,730,908	\$5,941,395
FY 2011	4,889	\$156.69	\$9,192,689	\$2,894,778	\$6,297,911

6. Children who currently age out of Medicaid at age 6 due to income over 100% FPL will continue on Medicaid as a result of this bill. It is estimated that approximately 27% of the 1,469 children eligible (or 400 children) will remain on Medicaid and are not included in the current CHIP numbers.
7. Approximately 25% of these children will leave Medicaid through attrition.
8. By 2011, this population will remain constant at approximately 1,000 children.
9. The increased cost to Medicaid as a result of children not aging out of the program at age six and not included in the CHIP population is depicted below.

Table 2	Increased Medicaid Costs - As a result of children not aging out of coverage				
	Children	Cost per child per month	Total Cost	General Funds	Federal Funds
FY 2008	400	\$131.56	\$631,488	\$198,224	\$433,264
FY 2009	700	\$139.45	\$1,171,380	\$368,868	\$802,512
FY 2010	900	\$147.82	\$1,596,456	\$502,724	\$1,093,732
FY 2011	1000	\$156.69	\$1,880,280	\$592,100	\$1,288,180

10. The total Medicaid increase is as follows:

Table 3	Total Medicaid Increase				
	Children	Cost per member per month	Total Cost	General Fund	Federal Funds
FY 2008	2845	\$131.56	\$4,491,458	\$1,409,869	\$3,081,590
FY 2009	5589	\$139.45	\$9,352,633	\$2,945,144	\$6,407,489
FY 2010	5789	\$147.82	\$10,268,760	\$3,233,632	\$7,035,127
FY 2011	5889	\$156.69	\$11,072,969	\$3,486,878	\$7,586,091

11. The CHIP rates, net of SED wraparound coverage, are used to calculate the savings to CHIP. The CHIP savings as a result of children moving to Medicaid are as follows:

Table 4	CHIP Savings				
Claims rate Schedule	Rate per Enrollee per month	FY 2008	FY 2009	FY 2010	FY 2011
July 2007-Sept 2007	\$141.35	\$1,036,802			
Oct 2007-June 2008	\$149.88	\$3,298,109			
July 2008-Sept 2008	\$149.88		\$2,198,290		
Oct 2008-June 2009	\$159.68		\$7,026,080		
July 2009-Sept 2009	\$159.68			\$2,342,027	
Oct 2009-June 2010	\$167.86			\$7,386,008	
July 2010-Sept 2010	\$167.86				\$2,462,003
Oct 2010-June 2011	\$177.77				\$7,822,058
		\$4,334,912	\$9,224,370	\$9,728,034	\$10,284,060

12. The effect on funds for the CHIP savings is based on the CHIP Federal Medical Assistance Percentages (FMAP) of 78.07% in FY 2008 and 77.89% in FY 2009 through FY 2011.

13. CHIP is currently funded with tobacco I-146 and I-149 state special revenue and federal funds.

Table 5	Funding for CHIP Savings		
	Total CHIP Saving	State Special Revenue	Federal Funds
FY 2008	\$4,334,912	\$950,646	\$3,384,266
FY 2009	\$9,224,370	\$2,039,508	\$7,184,862
FY 2010	\$9,728,034	\$2,150,868	\$7,577,166
FY 2011	\$10,284,060	\$2,273,806	\$8,010,255

14. In accordance with 53-6-1201 (3) (c), MCA, the increase in Medicaid services could be funded with I-149 State Special revenue.

15. For the purposes of this fiscal note, the Medicaid state match increases were funded by general fund after being offset by the savings in state special revenue.

16. The net impact of HB 577 is as follows:

Table 4A

NET IMPACT	New Medicaid Costs Net of CHIP Savings
FY 2008	\$156,547
FY 2009	\$128,263
FY 2010	\$540,725
FY 2011	\$788,909

Table 4B

	Funds Needed for New Medicaid Recipients				
	General Funds	State Special Revenue Savings	General Fund Offset by SSR	Federal Funds-Medicaid	Federal Funds – CHIP (not available for this program)
FY 2008	\$1,409,869	(\$950,646)	\$459,223	\$3,081,590	(\$3,384,266)
FY 2009	\$2,945,144	(\$2,039,508)	\$905,636	\$6,407,489	(\$7,184,862)
FY 2010	\$3,233,632	(\$2,150,868)	\$1,082,764	\$7,035,127	(\$7,577,166)
FY 2011	\$3,486,878	(\$2,273,806)	\$1,213,072	\$7,586,091	(\$8,010,255)

	<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>				
<u>Expenditures:</u>				
Benefits - Medicaid	\$4,491,458	\$9,352,633	\$10,268,760	\$11,072,969
Benefits - Savings in CHIP	(\$4,334,912)	(\$9,224,370)	(\$9,728,034)	(\$10,284,060)
Transfers	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$156,546	\$128,263	\$540,726	\$788,909

<u>Funding of Expenditures:</u>				
General Fund (01)	\$459,223	\$905,636	\$1,082,764	\$1,213,072
State Special Revenue Medicaid	\$950,646	\$2,039,508	\$2,150,868	\$2,273,806
State Special Revenue CHIP	(\$950,646)	(\$2,039,508)	(\$2,150,868)	(\$2,273,806)
Federal Special Revenue CHIP	(\$3,384,266)	(\$7,184,862)	(\$7,577,166)	(\$8,010,255)
Federal Special Revenue Medicaid	\$3,081,590	\$6,407,849	\$7,035,127	\$7,586,091
TOTAL Funding of Exp.	\$156,547	\$128,623	\$540,725	\$788,908

<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue Medicaid	\$3,081,590	\$6,407,849	\$7,035,127	\$7,586,091
TOTAL Revenues	\$3,081,590	\$6,407,849	\$7,035,127	\$7,586,091

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$459,223)	(\$905,636)	(\$1,082,764)	(\$1,213,072)
Federal Special Revenue CHIP	\$3,384,266	\$7,184,862	\$7,577,166	\$8,010,255
Federal Special Revenue Medicaid	\$0	\$0	\$0	\$0

Technical Notes:

If proposed S.B. 22 increasing eligibility for CHIP to 175% FPL passes, there is potential for additional growth in the population up to 150% FPL as the program opens to a larger overall population.

Sponsor's Initials

Date

Budget Director's Initials

Date