



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0421	Title:	SCHIP Coverage for Pregnant Women
Primary Sponsor:	Lind, Greg	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 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$725,902	\$769,402	\$815,528	\$864,426
Federal Special Revenue	\$2,584,183	\$2,739,044	\$2,903,250	\$3,077,326
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$725,902)</u>	<u>(\$769,402)</u>	<u>(\$815,528)</u>	<u>(\$864,426)</u>

Description of fiscal impact:

This bill expands the State Children's Health Insurance Program (CHIP) to cover prenatal care for pregnant women whose combined family income is at or below 150% of the federal poverty level (FPL).

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. The language of the bill "prenatal care," which is defined in a medical dictionary as "preceding birth," is restrictive and the Department of Public Health and Human Services (DPHHS) has no data to separate prenatal and birth costs from post partum and post-delivery hospital costs. Most pregnancies are paid on a global basis that includes prenatal, delivery, and post-partum costs for the mother and baby. Therefore, for this fiscal note, all care before birth, delivery costs, and other costs associated with post-pregnancy, such as post partum and 60-days of neonate care are considered.
2. The current CHIP federal funding level will remain constant with no increase due to this bill or from a reauthorization of the CHIP federal legislation.
3. The state funding for the increased enrollment would come from the general fund.
4. The FY 2006 number of uninsured Montanan, pregnant women is estimated by a combination of the University of Montana Bureau of Business and Economic Research, the U.S. Census Bureau 2000 Census, and the 2004 estimated pregnancy rate. The U.S. Census estimates that there are 6,940 females in Montana ages 19 to 44 meeting the 134% to 150% of FPL. The University of Montana Bureau of Business

and Economic Research estimate 41% of those to be uninsured. The estimated pregnancy rate for Montana women ages 19 through 44 is 79.7 per 1,000. Of that figure, it is estimated that 100 percent would enroll in CHIP (6,940 times 0.41 = 2,845 times 0.0797 = 227 new enrollees).

5. The Federal Medical Assistance Percentage (FMAP) for the CHIP program 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
6. Operating 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 per month	FY 2008	FY 2009	FY 2010	FY 2011
July 2007-Sept 2007	\$5.00	\$3,405			
Oct 2007-June 2008	\$5.20	\$10,624			
July 2008-Sept 2008	\$5.20		\$3,541		
Oct 2008-June 2009	\$5.43		\$11,094		
July 2009-Sept 2009	\$5.43			\$3,698	
Oct 2009-June 2010	\$5.70			\$11,645	
July 2010-Sept 2010	\$5.70				\$3,882
Oct 2010-June 2011	\$5.99				\$12,237
Total		\$14,029	\$14,635	\$15,343	\$16,119

7. The Benefits expenditures are estimated using Blue Cross Blue Shield traditional state plan. The anticipated allowable CHIP costs per pregnancy for FY 2006 is \$12,921 and increasing the amount by approximately 6 percent per year. FY 2008 average cost per pregnancy is \$14,520, FY 2009 \$15,391, FY 2010 \$16,315, and FY 2011 \$17,294.

Claims rate Schedule	Rate per Enrollee	SFY 2008	SFY 2009	SFY 2010	SFY 2011
July 2007-June 2008	\$14,520.07	\$3,296,056			
July 2008-June 2009	\$15,391.24		\$3,493,811		
July 2009-June 2010	\$16,314.69			\$3,703,435	
July 2010-June 2011	\$17,293.54				\$3,925,633
Total		\$3,296,056	\$3,493,811	\$3,703,435	\$3,925,633

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	\$14,029	\$14,635	\$15,343	\$16,119
Benefits	\$3,296,056	\$3,493,811	\$3,703,435	\$3,925,633
TOTAL Expenditures	\$3,310,085	\$3,508,446	\$3,718,778	\$3,941,752
<u>Funding of Expenditures:</u>				
General Fund (01)	\$725,902	\$769,402	\$815,528	\$864,426
Federal Special Revenue (03)	\$2,584,183	\$2,739,044	\$2,903,250	\$3,077,326
TOTAL Funding of Exp.	\$3,310,085	\$3,508,446	\$3,718,778	\$3,941,752
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0

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

General Fund (01)	(\$725,902)	(\$769,402)	(\$815,528)	(\$864,426)
Federal Special Revenue (03)	(\$2,584,183)	(\$2,739,044)	(\$2,903,250)	(\$3,077,326)

Technical Notes:

1. Without an appropriation in HB 2 or in another bill, DPHHS would not be mandated to incur this cost or increase to this eligibility level. Statute states that the department “may lower the percentage of the federal poverty level established in subsection (1)(b) in order to reduce the number of persons, who may be eligible to participate or may limit the amount, scope, or duration of specific services provided”.
2. The Federal Administrative Cap of 10 percent would not be exceeded.
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 present federal grant allocation is not sufficient to sustain current CHIP enrollment beyond federal fiscal year 2009.
5. The language of the bill “prenatal care” would need to be clarified and benefits defined.

Sponsor’s Initials

Date

Budget Director’s Initials

Date