

Exhibit No. _____

2-8-17

Bill No. _____

SB 224

Fiscal Note 2013 Biennium



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Bill #	SB0224
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Title:	Require legislative action for grant application for patient protection act
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Primary Sponsor:	Priest, Jason
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Status:	As Introduced
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- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input 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 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>	<u>FY 2014 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue		----- Unable to Determine -----		
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue		----- Unable to Determine -----		
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 224 provides that an agency may not apply for a grant to plan for or implement any provision of the Patient Protection and Affordable Care Act (PPACA) without approval of the legislature. This bill prohibits the use of a budget amendment to authorize spending of grants related to the implementation of the PPACA. The state cannot determine the number of or monetary value of additional federal grants related to PPACA that may come available during the interim of the legislature.

FISCAL ANALYSIS

Assumptions:

State Auditor's Office (SAO)

1. The State Auditor's Office has already been awarded three grants totaling \$3,149,880 to plan for and implement provisions of PPACA. These grant applications were approved by the federal government and have been received by the agency. SB 224 as written would not affect receipt of these funds.
2. The SAO cannot determine the amount or value of future grants related to PPACA that may become available during the interim of the legislature.

Montana University System:

3. The Early Retiree Reinsurance Program (ERRP) provides reimbursement to participating employer plans for certain health claims costs for early retirees, early retirees' spouses, surviving spouses, and dependents. The ERRP program was authorized as part of PPACA and expires on January 1, 2014. The Montana University System group benefits plan (the plan) submitted an application to participate in the ERRP program and the application was accepted. Congress appropriated \$5 billion in funding for this program.
4. Under the ERRP regulations, the plan is eligible to submit certain early retiree claims for reimbursement for the period of June 1, 2010, through December 31, 2013. Plans may only submit retiree claims periodically as provided by regulations governing the ERRP program. The following are the amounts that were estimated as eligible to be reimbursed to the Montana University System group benefits plan under the ERRP program. This estimate was done by Aon Hewitt Consulting and Actuaries Northwest:
 - June 1, 2010 – June 30, 2010: \$100,152
 - July 1, 2010 – June 30, 2011: \$1,328,029
 - July 1, 2011 – June 30, 2012: \$1,467,461
 - July 1 2012 – June 30, 2013: \$1,627,647 (Note: This amount is calculated by utilizing the July 1, 2011-June 30, 2012 amount provided by our consultant and trending it forward by the estimated medical and prescription drug trend for the Montana University System group benefit plan which is currently 10.9%).
 - July 1, 2013 – December 31, 2013: \$902,530 (trended forward from prior year, half of year).
5. Based on the estimates above, the total ERRP reimbursements for the Montana University System group benefit plan would total \$5,425,819 for the entire program.
6. EERP is a reimbursement program and is not considered a grant program. For the purposes of this fiscal note it is assumed that EERP reimbursements to the Montana University System group benefit plan will continue to be processed as they are under current law.

Department of Administration:

7. The Early Retiree Reinsurance Program (ERRP) provides reimbursement to participating employer plans for certain health claims costs for early retirees, early retirees' spouses, surviving spouses, and dependents. The ERRP program was authorized as part of PPACA. The State of Montana group benefits plan (the plan) submitted an application to participate in the ERRP program and the application was accepted. Congress appropriated \$5 billion in funding for this program. Under the ERRP regulations, the plan is eligible to submit certain early retiree claims for reimbursement for the period of June 1, 2010, through December 31, 2013.
8. Requesting reimbursement is a multi-step process. First, the individual must be an early retiree or dependent, over the age of 55, enrolled in the plan and not eligible for Medicare. Second, the associated claims must be covered by Medicare. Lastly, the ERRP program will reimburse 80% of all claims between the \$15,000 cost threshold and the \$90,000 cost limit for each retiree or dependent. The maximum eligible amount reimbursed for an individual is \$60,000 ($(\$90,000 - \$15,000) * 80%$) per calendar year.
9. The plan estimates it will submit the early retiree claims for the period of June 1, 2010 through November 30, 2010, by the middle of February 2011. Based on analysis of eligibility and associated claims 113 people were determined to meet the criteria above. These people have estimated eligible claims of \$1,181,805 for the 6 months June 1 to November 30, resulting in an estimated reimbursement of \$945,444 ($\$1,181,805 * 80%$).
10. Based on the reimbursement amount of \$945,444 for a six month period, the estimated reimbursement for years 2011 through 2013 is \$2 million per year. Therefore, the total estimated ERRP reimbursements for the plan could be \$7 million for fiscal years 2011 to 2014 (\$2 million per fiscal years 2011, 2012, 2013 and \$1 million in fiscal year 2014).

- 11. EERP is a reimbursement program and is not considered a grant program. For the purposes of this fiscal note it is assumed that EERP reimbursements to the State of Montana group benefits plan will continue to be processed as they are under current law.

Technical Notes:

Public Health and Human Services

- 1. Public Law 111-148 may result in additions to or modifications of regulations related to existing grants. If funding to administer these grants is authorized by the legislature, it is assumed that activities required as condition of the grant are authorized. Failure to administer grants in the manner required by the granting agency could result in the loss of federal grants.
- 2. Should the Centers for Medicare and Medicaid decline a Medicaid state plan that excludes the requirements set forth in Public Law 111-148, it is possible that Montana would not be entitled to any federal funding under the Medicaid program.
 - a. Federal Medicaid funding is estimated to be
 - i. SFY 2010 \$761 million dollars.
 - ii. SFY 2011 \$768 million dollars.
 - iii. SFY 2012 \$702 million dollars.
 - iv. SFY 2013 \$727 million dollars.
- 3. Federal grants may become available and be issued between legislative sessions. DPHHS would be unable to pursue these grants.
- 4. The definition of “grant” is not defined in the bill. It is not certain whether Medicaid eligibility and service expansion as authorized under ACA would fall under the bill’s definition of a grant.

State Auditor’s Office (SAO):

- 5. State Auditor’s Office may not be able to comply with the PPACA requirements, between sessions without the ability to accept grants or do budget amendments. If the PPACA is implemented the federal government will require a health exchange. The SAO would be unable to receive federal funding to assist.

Sponsor’s Initials

Date

Budget Director’s Initials

Date