



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill # HB0048

Title: Revise Insure Montana laws

Primary Sponsor: McChesney, Bill

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$238,064	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: The bill removes the 95% spending authority cap for the program. Insure Montana would be allowed to exhaust 100% of the benefits appropriation. This bill also removes the 90% appropriation threshold by which the State Auditor's Office must transfer funds between the premium assistance and tax credit programs.

FISCAL ANALYSIS

Assumptions:

- Under current law, the board overseeing the Insure Montana program must make transfers between funds before the end of the fiscal year when the number of eligible small employers seeking tax credits is insufficient to exhaust at least 90% of the funds allocated for tax credits during a fiscal year. The board is directed to take a similar action when the number of eligible small employers seeking premium incentive payment or employees seeking premium assistance payment funds is insufficient to exhaust at least 90% of the appropriated funds for those payments in a fiscal year. The bill removes the 90% condition from each of these directives.
- This bill removes the effective 95% cap on total expenditures for the Insure Montana program and allows the program to spend 100% of appropriated funds.
- Insure Montana in the 2015 biennium Executive Budget is only funded for half of FY 2014. There is no funding for the program in FY 2015. Fiscal notes are based upon the Executive Budget, therefore there

will be no fiscal impact in FY 2015. To allow Insure Montana to increase spending authority from 95% to 100% there will be a 5% increase in state special expenditures. The entire appropriation for benefits and claims for Insure Montana for FY 2014 is \$4,761,269. Therefore, an increased spend of \$238,064 can be anticipated ($\$4,761,269 \times .05 = \$238,064$).

4. This bill modifies existing statute regarding who may claim Insure Montana tax credits or receive premium incentive payments or premium assistance payments. Currently to be eligible, an employer must have at least 2 and no more than 9 employees, and have no employee who received wages of more than \$75,000 per year. The bill adds another restriction – that an owner or employee will not be eligible to apply for a premium assistance payment if the owner or employee has a household income greater than 400% of the federal poverty level for the year in which an application or application renewal is made.
5. Insure Montana is funded in the current biennium from the health and Medicaid initiatives state special revenue account which has been structurally imbalanced for several years. If additional funding was unavailable from the health and Medicaid initiatives state special revenue account, it is assumed the funding would come from the general fund to the Insure Montana program. Because the Executive budget assumes elimination of the program in FY 2015, no additional general fund costs are assumed.

	<u>FY 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Benefits	\$238,064	\$0	\$0	\$0
TOTAL Expenditures	<u>\$238,064</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$238,064	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$238,064</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$238,064)	\$0	\$0	\$0

Technical Notes:

1. This bill modifies existing statute regarding who may claim Insure Montana tax credits or receive premium incentive payments or premium assistance payments. Currently to be eligible, an employer must have at least 2 and no more than 9 employees. However, that language was not amended in 33-22-202(3)(a), MCA.
2. SB 27 also amends statute applicable to the Insure Montana program. The outcome of that bill may impact the fiscal note for HB 48 and vice versa.

Sponsor's Initials

Date

Budget Director's Initials

Date