



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

<b>Bill #</b>	SB0223	<b>Title:</b>	Require plan for terminating Montana comprehensive health association laws
<b>Primary Sponsor:</b>	Caferro, Mary	<b>Status:</b>	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 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	(\$325,000)	(\$925,000)	(\$925,000)
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** SB 233 provides for the termination of the Montana Comprehensive Health Association (MCHA) due to changes in federal law that will allow for coverage on the federally facilitated individual market exchange (FFE).

### FISCAL ANALYSIS

#### Assumptions:

- Under current law, health insurers who pay premium tax (excluding health service corporations) are allowed to "offset" the 1 % MCHA assessment on total premium volume against the premium tax owed to the state. The current offset against premium tax may decline substantially in calendar year 2014, thereby increasing premium tax revenue.
- The reduction in MCHA "offsets" will result in an increase of insurance premium tax revenue. However, MCHA "offsets" were projected to be zero in fiscal years 2015-2017 in the Executive Budget revenue estimate; therefore there is no anticipated change in revenue.
- The MCHA traditional high risk pool currently expends \$925,000 annually from a state special revenue account supported by Tobacco Settlement revenue to provide premium assistance and to supplement claims payments for low income, uninsurable individuals below 150% of the Federal Poverty Level.

4. The federally facilitated individual market exchange (FFE) starts issuing coverage on January 1, 2014. Individuals that currently participate in MCHA will be eligible for coverage in the FFE, and will have access to premium assistance, as well as significant cost-sharing reductions. As a result, expenses from the state special account are estimated to be \$600,000 for the first half of FY 2015 (which is the second half of calendar year 2014), based on current claims. In FY 2016 and FY 2017, the expense will be eliminated.

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses - SAO	\$0	(\$325,000)	(\$925,000)	(\$925,000)
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>(\$325,000)</u>	<u>(\$925,000)</u>	<u>(\$925,000)</u>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)-SAC	\$0	(\$325,000)	(\$925,000)	(\$925,000)
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>(\$325,000)</u>	<u>(\$925,000)</u>	<u>(\$925,000)</u>
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$325,000	\$925,000	\$925,000

**Technical Notes:**

1. When the MCHA risk pool coverage terminates, there will still be a “claims tail” that would need to be covered. The assessment on health insurers would continue in calendar year 2014, even if most coverage terminates on January 1, 2014, in order to pay off the tail on the claims. However, the assessment may be less than the full 1%.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*