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FISCAL IMPACT REPORT

SPONSOR:	Aragon	DATE TYPED:	02/02/00	HB	
SHORT TITLE:	County Supported Medicaid Fund Transfers			SB	348
				ANALYST:	Taylor

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
			\$ 4,300.0	Recurring	County Supported Medicaid
			\$ 12,900.0	Recurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Estimated Revenue		Subsequent	Recurring	Fund
FY00	FY01	Years Impact	or Non-Rec	Affected
	\$ 4,300.0	\$ 4,300.0	Recurring	County Supported Medicaid
	\$ 12,900.0	\$ 12,900.0	Recurring	Federal

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 169

SOURCES OF INFORMATION

LFC files

Health Policy Commission

Human Services Department

SUMMARY

Synopsis of Bill

SB 348 directs every county to increase their contributions to the county supported medicaid fund by an amount equal to one-sixty-fourth of one percent of taxable gross receipts reported during the prior fiscal year. Counties may finance the additional contribution from any existing authorized county revenue source.

The bill reduces the percentage of county supported medicaid funds earmarked for primary care health services from 9 percent to 7 percent. It also reduces the percentage of county supported medicaid funds that may be expended for medicaid administrative costs from 3 percent to 2.5 percent.

The provisions of the bill would become effective on July 1, 2000 or the first quarter after the secretary of human services receives approval from the United States health and human services department and begins implementation of an amendment to the state medicaid plan making eligible parents with children whose

family income does not exceed 75 percent of federal poverty guidelines.

FISCAL IMPLICATIONS

The required increase in county contributions to the county supported medicaid plan would raise approximately \$4.3 million from the counties. (The \$4.3 million estimate is equal to one-fourth of FY 99 contribution to the county supported medicaid fund.) The medicaid program would be able to leverage an additional \$12.9 million in federal funds. Thus, the total available to expand medicaid coverage to working-poor parents would be \$17.2 million.

The changes in the percentages earmarked for primary health care and medicaid administration have no fiscal impact given the larger base that would result if the changes proposed in the bill are adopted. The percentage changes were designed to hold the dollar amounts flowing to these uses constant.

Although counties will be required to increase their contributions to County Supported Medicaid Fund by \$4.3 million, the overall fiscal impact should be positive for most counties. Nearly all counties currently provide health care financial assistance to their indigent populations using county indigency funds. Expanding medicaid coverage to adults with children whose family income does not exceed 75 percent of federal poverty guidelines, will relieve counties from supporting much of that caseload.

ADMINISTRATIVE IMPACT

HSD reports that there will be additional administrative costs, but the percentage allowed for administration is decreased. However, it is important to recognize that the decrease in the percentage allowed for administration was developed to keep the dollars available for administration constant, not reduce them.

OTHER SUBSTANTIVE ISSUES

This legislation is part of a larger plan to expand medicaid coverage for adults with children. The plan would require an additional \$4 million in state funds to leverage \$12 million in federal funds. Thus, if the entire plan were adopted, the state would use \$8.3 million to leverage approximately \$25 million in federal funds, allowing a \$33.3 million expansion of the Medicaid program to cover working poor adults.

The health policy commission has estimated the economic impact for all counties under two scenarios. The first scenario assumes all persons eligible for the program actually enroll; the second is based on the LFC assumptions regarding lower participation rates in the first year of implementation. The health policy commission attachments are included as attachments to the FIR.

The vast majority of the newly eligible adults will be from the ranks of the working poor who do not receive TANF assistance. However, there are approximately 3,200 parents receiving TANF assistance who do not qualify for Medicaid because their total income is too high as Medicaid currently covers adults whose income does not exceed 37 percent of federal poverty guidelines; many of these will become eligible for Medicaid when the state plan is amended.

The number of adults with children whose family income is estimated at 63,000 based on Taxation and Revenue Department records. Approximately 28,000 of these are estimated to be currently covered by Medicaid to be eligible for transitional Medicaid, implying that the proposed expansion would make eligible an additional 35,000 persons. Perhaps half of these could be expected to take advantage of the program in the first year.

BT/njw