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F I S C A L I M P A C T R E P O R T

SPONSOR:	Altamirano	DATE TYPED:	02/03/00	HB	
SHORT TITLE:	Senior Citizen Health Care Services			SB	273
				ANALYST:	Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact	Recurring or Non-Rec	Fund Affected
FY00	**FY01**	**FY00**		
	$ 2,355.0	See Fiscal Narrative	Recurring	GF
	$ 6,613.0		Recurring	Medicaid

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 253

SOURCES OF INFORMATION

LFC files

Health Policy Commission

State Agency on Aging

SUMMARY

Synopsis of Bill

SB 273 appropriates $2,355.0 from the general fund to the Human Services Department to provide Medicaid coverage for persons 65 years and older whose incomes are less than 100% of the federal poverty level (FPL).

Significant Issues

SB 273 targets those individuals whose income exceed the eligibility for Supplemental Security Income program (SSI) of 72.4% FPL but have income less than 100% FPL. According to the Health Policy Commission (HPC), the bill as written provides for full Medicaid coverage for approximately 7200 persons. However, analysis also considers limiting the program to prescription cost only. *(See attached documentation from the HPC.)*

FISCAL IMPLICATIONS

SB273 provides a general fund appropriation of $2,355.0 to HSD which would translate to a total of $8,968.0 including federal funds. HSD estimates the program costs will be $10,375.0 based on a 5% growth rate. This leaves a shortfall of $1,407.0. Additionally HSD estimates $200.0 ($100.0 GF) would be required for start up costs and administration. HSD estimates there is a $475.4 shortfall in GF.

ADMINISTRATIVE IMPLICATIONS

According to HSD 42 CFR 435.201 allows the state to optionally implement coverage on individuals age 65 and older up to 100% of FPL.

HSD would be required to complete all of the tasks associated with implementation of a new program. This includes re-programming the Medicaid Management Information System and ISD-2 eligibility system. Other administrative requirements include state plan amendments, training, outreach efforts, and instructing providers and Managed Care Organizations.

Minnesota, Maine and Michigan are pursuing HCFA waivers for pharmacy benefits only for low income seniors through Medicaid .

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Relates to HB253.

OTHER SUBSTANTIVE ISSUES

According to the Health Policy Commission:

- •Most seniors qualify for Medicare. However, Medicare does not cover prescription medications. The fastest growing cost of health care is prescription drugs.
- •The average out of pocket drug expenditure for all Medicare beneficiaries is estimated at $475 per year and has a greater impact on individuals whose income is less than poverty.
- •Nationally, 65% of Medicare beneficiaries had supplemental drug coverage. However, half of beneficiaries spending $500 or more in out of pocket costs for prescriptions had some type of supplemental drug coverage.
- •Seniors who qualify for SSI (Supplemental Security Income) are automatically eligible for Medicaid.
- •Seniors with higher income may qualify for Medicaid if they meet the requirements of the institutional-term care or waiver categories.
- •Medicare recipients with incomes less than 100% of poverty qualify through the Qualified Medicare Beneficiary (QMB) to have Medicare Part A deductible, Medicare Part B premium, Medicare Part B

deductible and coinsurance paid for by Medicaid. QMB only individuals are not eligible for other Medicaid benefits such as medical prescriptions.

- •Seniors enrolled in Medicare manage care plans may have prescription drug coverage. However, this is not a required benefit. Nationally 15% of Medicare beneficiaries were enrolled in Medicare plans.
- •As of 1997, 14 states had implemented **state only programs** (no federal fund participation) to cover prescription medications. The advantage of a state only program is that it can be limited to appropriated dollars since it does not create an entitlement.

BD/gm/njw