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## FISCAL IMPACT REPORT

**SPONSOR** Grubestic      **DATE TYPED** 3/10/05      **HB** \_\_\_\_\_

**SHORT TITLE** Medicaid Waiver Program Funding      **SB** 943/aSFC

**ANALYST** Hanika-Ortiz

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			\$0.1	Recurring	County Indigent Hospital Claims Fund

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
		Federal-Medicaid	Recurring	County-Supported Medicaid Fund

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committee amendment clarifies that the Board shall not be prevented from transferring money from the County Indigent Hospital Claims Fund to the County-Supported Medicaid Fund for support of Health Insurance Flexibility and Accountability (HIFA) waiver programs for expenditures in the waiver programs. Any funds transferred or any income earned from investment shall only be used for residents of the County making the transfer. The percentage of money appropriated from the County-Supported Medicaid Fund to support health care services or administrative costs will not consider amounts appropriated for a HIFA waiver program in the calculation.

### Significant Issues

The HIFA program's goal is to expand Medicaid coverage to populations with incomes above current income eligibility levels. States must show their intention to cover newly eligible individuals in the Medicaid program. Under HIFA, states are allowed to cap enrollment, reduce benefits, increase cost-sharing for "optional" Medicaid beneficiaries and to redirect federal SCHIP funds to pay for services for additional populations.

Medicaid is growing at astronomical rates, and Congressional Budget Office projections estimate total Federal spending on Medicaid to double over the next ten years to \$360 billion. This is an average growth rate of eight percent, outpacing inflation.

### Synopsis of Original Bill

SB 943 amends language to Section 27-5-3, NMSA 1978, Public Assistance Provisions, to add language that includes waiver programs approved by the federal Health and Human Services Department. The counties would not be prohibited from transferring money to support any Medicaid waiver program, the sole community provider fund or the county-supported Medicaid fund. The use of county funds for Medicaid programs may increase the funding available for health care costs in the state, as these funds would become eligible for federal Medicaid matching funds.

### Significant Issues

Under the Public Assistance Provisions, expenses shall not be paid for indigent patient care services that have been determined to be eligible for Medicaid reimbursement.

At the present time, the Indigent Hospital and County Health Care Act allows for money to transfer to the sole community provider fund or the county-supported Medicaid fund for support of the state Medicaid program. The Indigent Hospital and County Health Care Act establishes that individual counties are responsible for health care to indigent patients as well as providing revenues for match with federal funds for state Medicaid programs. The sole community provider fund consists of funds provided by counties to match federal funds for Medicaid sole community provider hospital payments. Money in the sole community provider fund is remitted back to the individual counties if federal Medicaid matching funds are not received. The County indigent hospital fund is used to meet the county's contribution for support of sole community provider payments, pay for burial or cremation of an indigent person, and/or pay all claims that are not matched with federal funds under the state Medicaid program.

## **PERFORMANCE IMPLICATIONS**

The DOH reports that the DHHS permits states to apply for waivers of the federal rules for Medicaid programs to allow for innovative home and community-based services and extensions of the core Medicaid program. The State of New Mexico has been approved by DHHS for several Medicaid waivers, and management is coordinated with the Medicaid program. Waivers may include services not covered through the state plan such as respite care, environmental modifications, or family training.

## **FISCAL IMPLICATIONS**

The use of county funds for Medicaid programs would increase the funding available for health care costs in the state, as these funds would become eligible for federal Medicaid matching funds. The issue here is whether county medically indigent funds can be matched under Medicaid without adversely affecting the counties ability to fund health care for indigents.

The exact fiscal implications are dependent on the amount of funds provided by the counties. If funds were used for a specific waiver, such as the State Coverage Initiative, funds provided by the counties would be eligible for federal match at the Federal Medical Assistance Percentage (FMAP) rate applicable at the time of the expenditure.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Duplicates HB 938

## **OTHER SUBSTANTIVE ISSUES**

The State Coverage Initiatives (SCI) program is a new national initiative of The Robert Wood Johnson Foundation that works with states to plan, execute, and maintain health insurance expansions, as well as to improve the availability and affordability of health care coverage. SCI's team of policy experts works with states to help them expand coverage to working families, build on employer-based health insurance, and foster collaboration among stakeholders.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL?**

It would continue to be permissible for money from the fund under the Indigent Hospital and County Health Care Act to be transferred to the sole community provider fund or the county-supported Medicaid fund for support of state Medicaid programs.

**AHO/lg:yr**