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FISCAL IMPACT REPORT

ORIGINAL DATE 2/01/07
 LAST UPDATED 2/24/07 **HB** _____

SPONSOR Feldman

SHORT TITLE Health Coverage for Certain Individuals **SB** 214/aSPAC

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	None		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act
 Relates to Appropriation in the General Appropriation Act

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	For 200-300 fpl	\$4,100.0	\$12,300.0	\$16,400	Recurring	General
		\$16,400.0	\$49,200.0	\$65,600.0	Recurring	Federal
	For under 100 fpl	\$15,700.0	\$47,100.0	\$62,800.0	Recurring	General
		\$62,800.0	\$188,400.0	\$251,200.0	Recurring	Federal

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

Public Education Department (PED)

Synopsis of SPAC Amendment

On page 2, line 1, strike the period and the quotation mark and insert in lieu thereof a semicolon and "provided, however, that eligibility pursuant to this section is contingent upon federal approval and the availability of state and federal funds."".,

This amendment makes the bill's expansion of State Coverage Insurance for all persons to the 300 percent federal poverty level contingent on the funding of the expansion.

SUMMARY

Synopsis of Original Bill

Senate Bill 214 provides coverage for persons with household incomes less than 300% federal poverty level (FPL) apparently through the existing State Coverage Insurance program (SCI), which is a state-sponsored health coverage plan pursuant to a Health Insurance Flexibility and Affordability Waiver (HIFA) through the Centers for Medicare and Medicaid Services (CMS).

FISCAL IMPLICATIONS

There is no appropriation with the bill but there would be potential significant expense related to such an expansion that would require appropriations from the general fund. The cost to the general fund would be dependent on final program design particularly regarding the summary of benefits and participant financial participation. A current estimate is for approximately \$4.1 million in the first year of implementation to increase eligibility to 300 percent fpl from the current 200 percent fpl. This number is the result of a variety of assumptions and enrolls 9,500 for an average of 6 months with a total employer plus employee contribution of \$150 monthly. HSD reports a current estimate of 57,000 uninsured adults in the 200-300 percent fpl. Although unlikely, if the entire 57,000 were covered under this model for an entire year state general fund cost would climb to \$48 million.

This does not include the current uninsured in the under 100 percent fpl (approximately 420 thousand for a family of 4). HSD uses US Census data to estimate 84,000 persons in this category. HSD uses similar but not identical assumptions as above to arrive at a first year cost of \$15.7 million for adults in this eligibility category. This covers 26,000 persons for an average of 6 months each but does not include any participate participation due to the due to low annual income. At the unlikely scenario of full coverage for 84,000 persons the costs for this population approaches \$100 million annually.

The estimates for in the operating costs above reflect the \$4.1 and \$15.7 million models in the previous paragraph, not the unlikely full participation scenario.

SIGNIFICANT ISSUES

The 300 percent federal poverty level is slightly over \$60,000 annually for a family of four.

HSD contributes the following.

SCI is a federally-mandated program through CMS under the authority of a HIFA 1115 waiver,

which allows demonstration initiatives to encourage new comprehensive state approaches that will increase the number of individuals with health insurance coverage within current-level Medicaid and the State Children's Health Insurance Program (SCHIP) resources. This program requires federal approval through CMS for any amendments or changes including the expansion of eligibility to a higher FPL level. The Legislature does not have authority to authorize such a change without federal approval. This legislation is also not required to obtain federal approval for a change to the SCI program.

The Human Services Department's (HSD) Medical Assistance Division (MAD) requires a certain level of flexibility to meet CMS requirements; this legislation may hinder the ability of the department to meet that level of flexibility.

POSSIBLE QUESTIONS

What is the SCI summary of benefits package? How does it compare to the state employee health insurance benefits and the basic Medicaid benefits.

MW/nt