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FISCAL IMPACT REPORT

ORIGINAL DATE 02/15/07

SPONSOR Beffort LAST UPDATED _____ HB _____

SHORT TITLE Child Care Worker Insurance Premiums SB 870

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$1,000.0	Recurring	General

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$2,400.0	\$2,350.0	Recurring	Federal Medicaid

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$108.0	\$120.0	\$228.0	Recurring	General
		\$134.0	\$140.0	\$274.0	Recurring	Federal Medicaid

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Human Services Department
 Children Youth and Families
 Public Education Department

SUMMARY

Synopsis of Bill

Senate Bill 870 appropriates \$1 million from the general fund to the Human Services Department to pay the employee portion of a health premium for a child care worker eligible for coverage available through a Medicaid health insurance flexibility and accountability waiver when the coverage is offered by the following two types of providers: 1) an eligible child care provider under the Pre-Kindergarten Act; or 2) a provider that accepts children enrolled in health or human service programs under Chapter 27 NMSA 1978 (Public Assistance Act).

FISCAL IMPLICATIONS

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2008 shall revert to the general fund.

SIGNIFICANT ISSUES

HSD provides the following background on the waiver known as State Coverage Insurance that would provide the health insurance coverage.

The HIFA waiver, known as State Coverage Insurance (SCI), is designed to offer health care coverage to low-income working adults primarily through an employer-based system. SCI is available to uninsured, low-income adults, ages 19 through 64, with countable family incomes of up to 200% of federal poverty level (\$1,634.00 for a single person or \$2,767.00 per month for a family of three) and who are not eligible for certain government health insurance benefits, such as Medicaid (Title XIX), Medicare, private health insurance, CHAMPUS, and other public or private health insurance programs. There are no preexisting condition limitations.

This is a program based on a public/private partnership, with the employer and employee paying about a third of the premium and state and federal funds paying the remainder. Employees or individual enrollees cannot have voluntarily dropped health insurance in the past six months, and employers cannot have voluntarily dropped health insurance for their employees in the last twelve months. The primary goal of SCI as stated in the Health Insurance Flexibility and Affordability (HIFA) waiver is to encourage employers to provide employer sponsored health plans and assist employees in enrolling in health plans that the employer offers.

The current employee share, the portion covered by this legislation, is \$0, \$20 or \$35 per month, depending on the employee's income, after income disregards are subtracted from their gross income. The most an employee would pay annually would be \$420. If all employees paid this rate, approximately 2,381 persons could obtain full-year coverage. It should be noted that HSD does not have data regarding the potential number of eligible persons or their enrollment rate to determine if the appropriation is adequate to cover all possible enrollees.

CYFD adds the bill refers to providers that are eligible pursuant to the Pre-Kindergarten Act, which defines an eligible provider as being "licensed by the children, youth and families department that provides early childhood developmental readiness services or preschool special education, or is a public school, tribal program or head start program." (32A-23-3 NMSA 1978)

This definition includes licensed childcare centers and licensed homes. Based on data from the New Mexico Department of Labor, there were approximately 8,000 individuals working in licensed childcare programs in 2004. With an average wage of \$7.20 per hour, a significant number of these workers likely would be eligible for the health insurance coverage referenced in this bill.

PED notes for their employees that all PreK programs funded through the PED are in school districts and are required to employ licensed instructors and educational assistants in the classroom. All PED PreK program staff are half or full time (20-40 hrs per week) employees of their district and are eligible to receive health insurance as provided by the NM Public School Insurance Authority if they so choose. Very few, if any, of the PED PreK program staff employed in a school district would meet the eligibility criteria for the Medicaid health insurance flexibility and accountability waiver.

OTHER SUBSTANTIVE ISSUES

HSD cautions that the identification of a particular population subset as the recipient of the benefit and having the state rather than the employee contribute a portion of the private share is not consistent with the intent of the waiver and could necessitate federal approval. This bill is inconsistent with the intention of the federal HIFA waiver. The primary goal of SCI as stated in the Health Insurance Flexibility and Affordability (HIFA) waiver is to encourage employers to provide employer sponsored health plans and assist employees in enrolling in health plans offered by the employer. Provision of funding to a particular population group could potentially be construed as discriminatory.

MW/mt