

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number HB1089

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Brink

3. Committee Health, Welfare and Institutions

4. Title Eligibility and enrollment period for the Family Access to Medical Insurance Security (FAMIS) Plan

5. Summary/Purpose:

This bill provides coverage under the Family Access to Medical Insurance Security (FAMIS) Plan for individuals who were enrolled for twelve consecutive months in the Children's Medical Security Insurance Plan (CMSIP), the predecessor to FAMIS, or Medicaid on the date that Virginia received federal approval of FAMIS. In addition, this bill also requires the Department of Medical Assistance Services (DMAS) to establish a procedure for timely redetermination of eligibility for FAMIS to avoid a lapse in coverage of children when transitioning from CMSIP or Medicaid to FAMIS.

6. Fiscal Impact Estimates are: Preliminary

6a. Expenditure Impact: (see Section 8)

Item 324, Subprogram 44602

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$0	0.0	GF
2001-02	\$0	0.0	NGF
2002-03	\$1,048,266	0.0	GF
2002-03	\$1,992,831	0.0	NGF
2003-04	\$1,558,311	0.0	GF
2003-04	\$2,941,576	0.0	NGF

Item 324, Subprogram 44603

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$0	0.0	GF
2001-02	\$0	0.0	NGF
2002-03	\$34,470	0.0	GF
2002-03	\$65,530	0.0	NGF
2003-04	\$0	0.0	GF
2003-04	\$0	0.0	NGF

Total Department of Medical Assistance Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$0	0.0	GF
2001-02	\$0	0.0	NGF
2002-03	\$1,082,736	0.0	GF
2002-03	\$2,058,361	0.0	NGF

2003-04	\$1,558,311	0.0	GF
2003-04	\$2,941,576	0.0	NGF

6b. Revenue Impact: None

7. Budget amendment necessary: Yes, Item 324, Subprograms 44602 and 44603

8. Fiscal implications:

DMAS understands the intent of this bill to be the establishment of 12 months of continuous eligibility for children who are either enrolled in Medicaid or CMSIP. The estimates presented in this impact statement reflect 12 months of continuous enrollment.

FAMIS Plan Payments

Based on historical data, DMAS estimated approximately 1,300 new enrollees per month in FAMIS. The net increase in the program has varied between 600 and 1,000 individuals per month. However, DMAS' 1,300 estimate assumes that children are enrolling in the program each month and does not take into consideration disenrollments.

DMAS then performed an analysis of the distribution of those children who were disenrolled from Virginia's Title XXI program during their first 12 months of eligibility. In the history of Virginia's children's health program, 35 percent of the recipients were cancelled from the program prior to being enrolled for 12 months due to reasons other than death or moving out of state. This 35 percent breaks down as follows: six percent cancelled in less than three months, 10 percent cancelled between three and six months, five percent cancelled between six and nine months, and 14 percent cancelled between nine and 12 months. DMAS estimated the impact of guaranteeing 12 months of eligibility for all of these children by multiplying the number of additional recipients per month by the forecasted monthly cost per recipient (less premium paid by the recipients). The resulting monthly costs were then added together to determine the annual cost for both FY 2003 and FY 2004. DMAS estimates that the impact resulting from this bill is approximately \$3.0 million (\$1.0 million GF) in FY 2003 and \$4.5 million (\$1.5 million GF) in FY 2004.

FAMIS Plan Administration

DMAS estimates that the current contract with its FAMIS enrollment broker would have to be modified for the premium collection process. In addition, there will also be expenses associated with the revision of FAMIS outreach materials. The agency estimates that it will cost approximately \$100,000 (\$34,470 GF) to implement the necessary programmatic changes.

9. Specific agency or political subdivisions affected: DMAS

10. Technical amendment necessary: No

11. Other comments: DMAS believes that the bill as introduced does not implement the intent of the patrons. It remains to be seen if amendments will be introduced to modify the bill.

Date: 01/24/02/sas

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cc: Secretary of Health and Human Resources