

Department of Planning and Budget 2002 Fiscal Impact Statement

1. Bill Number HB1090

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

2. Patron Brink

3. Committee Health, Welfare and Institutions

4. Title Waiting period exception for the Family Access to Medical Insurance Security (FAMIS) Plan

5. Summary/Purpose:

This bill eliminates the waiting period for previously insured children for coverage under the Family Access to Medical Insurance Security (FAMIS) Plan where the applicant can document that the cost of previous health insurance exceeded 10 percent of the family's countable monthly income. In addition, it requires the Department of Medical Assistance Services (DMAS) to change the duration of the "waiting period" which prohibits enrollment in the program for children recently covered under private insurance from six months to three months.

6. Fiscal Impact Estimates are: Preliminary

6a. Expenditure Impact: (see Section 8)

<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	\$31,042	0.0	GF
2002-03	\$59,012	0.0	NGF
2003-04	\$46,450	0.0	GF
2003-04	\$87,682	0.0	NGF

6b. Revenue Impact: None

7. Budget amendment necessary: Yes, Item 324, Subprogram 44602

8. Fiscal implications:

The department developed an estimate of the potential impact of this bill by examining the eligibility denial reasons recorded on its systems since the beginning of CMSIP/FAMIS. The denial rate based on existing insurance coverage averaged 15 cases per month for the nine-month period between October 2000 to June 2001. DMAS estimates that the level of denial will remain constant in the future. These cases were denied either because the children were previously enrolled in private insurance or they had access to the state employee insurance program. Federal law prohibits those participating in a state employee insurance plan from participating in a Title XXI program.

While DMAS admits that it does not have specific information regarding how many of these cases were children of state employees, it believes that a reasonable estimate is that approximately 80 percent of these cases were denied because they had access to private insurance during the past

six months. The other 20 percent were denied because they had access to state health insurance. Of this 80 percent, DMAS believes that approximately 42 percent would involve premiums, which would exceed 10 percent of a family's income. For this group, there would be no waiting period. The department bases this estimate on estimated monthly income for FAMIS families compared with health insurance premium information for the Medicaid Health Insurance Premium Payment Program. The remaining 58 percent of those individuals denied enrollment in FAMIS due to having access to private insurance in the last six months would see their waiting period reduced from six to three months.

The department converted these rates of occurrence from family cases to individual recipients using a factor of 1 to 1.58. As a result, DMAS estimates that once this proposal is fully implemented, there would be approximately 800 additional children enrolled in FAMIS. The estimated additional cost resulting from this proposal would be \$90,054 (\$31,042 GF) in FY 2003 and \$134,132 (\$46,450 GF) in FY 2004.

9. Specific agency or political subdivisions affected: DMAS

10. Technical amendment necessary: No

11. Other comments: It is virtually impossible to assume how many individuals would drop private insurance to move into FAMIS because of the proposed change in the waiting period. Therefore, the estimates provided in this impact statement may be less than what would actually result.

Date: 01/24/02/sas

Document: g:\sas\02 gasession \02 bills \dpbfiss\hb1090.doc

cc: Secretary of Health and Human Resources