

Department of Planning and Budget

2002 Fiscal Impact Statement

1. Bill Number HB790

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

2. Patron Miles

3. Committee Health, Welfare and Institutions

4. Title Filing an application for the Family Access to Medical Insurance Security (FAMIS) Plan or Medicaid

5. Summary/Purpose:

This bill permits a parent, legal guardian, or any other adult caretaker to file an application for a child for either the Family Access to Medical Insurance Security (FAMIS) Plan or Medicaid if the person is familiar with the child's circumstances and has exercised responsibility for the child for at least 90 consecutive days.

6. Fiscal Impact Estimates are: Preliminary

6a. Expenditure Impact: (see Section 8)

Item 322, Subprogram 47902

<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	\$1,185	0.0	GF
2002-03	\$3,556	0.0	NGF
2003-04	\$3,327	0.0	GF
2003-04	\$9,982	0.0	NGF

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	\$44,922	0.0	GF
2002-03	\$84,981	0.0	NGF
2003-04	\$126,268	0.0	GF
2003-04	\$238,352	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	\$238	0.0	GF
2002-03	\$450	0.0	NGF
2003-04	\$669	0.0	GF
2003-04	\$1,263	0.0	NGF

Item 325, Subprogram 45609

<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	\$442,419	0.0	GF
2002-03	\$452,210	0.0	NGF
2003-04	\$1,242,244	0.0	GF
2003-04	\$1,268,862	0.0	NGF

Total Department of Medical Assistance**eServices**

<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	\$488,764	0.0	GF
2002-03	\$541,197	0.0	NGF
2003-04	\$1,372,508	0.0	GF
2003-04	\$1,518,459	0.0	NGF

6b. Revenue Impact: None

7. Budget amendment necessary: Yes, Item 322, Subprogram 47902; Item 324, Subprograms 44602 and 44603; and Item 325, Subprogram 45609

8. Fiscal implications:

Current policy permits parents or legal guardians to file applications for Medicaid or FAMIS on behalf of a child. Furthermore, parents or legal guardians are allowed to designate an authorized representative to act on their behalf and file an application for a child. If this bill passes, it would allow caretakers, who are not sole custodians, legal guardians, or authorized representatives to apply for Medicaid or FAMIS on behalf of a child.

Administrative and Support Services and FAMIS Plan Administration

The Department of Medical Assistance Services (DMAS) estimates that it will incur additional claims processing costs because of the additional claims being paid for the new enrollees in both the Medicaid program and the FAMIS Plan. The agency estimates that additional claims processing expenses for the new Medicaid recipients will be \$4,479 (\$1,185 GF) in FY 2003 and \$13,309 (\$3,327 GF) in FY 2004. Regarding the additional FAMIS claims, DMAS estimates that the processing expenses will be \$688 (\$238 GF) in FY 2003 and \$1,932 (\$669 GF) in FY 2004.

FAMIS Plan Payments and Medical Assistance Services (Medicaid)

While DMAS believes that this bill would increase the number of children enrolled in Medicaid and FAMIS, it admits that estimating the actual number would be difficult. Census data estimates that nationwide, approximately 2.6 million children (four percent of all children) live in households with no parent. Children living in foster care, who are already Medicaid eligible, account for 313,000 of these children. This leaves approximately 2.3 million children in other households without parents. Virginia's population is approximately two percent of the total nation's, which translates into approximately 45,740 children.

Although many children in Virginia may have parents or legal guardians, the percentage of children living in or near poverty without parents is substantially higher than the overall average. In order for DMAS to adjust its estimate to account for the fact that many children have legal guardians or are still in contact with at least one parent, it has reduced its estimated population of children affected by this bill by approximately 75 percent to 11,435. Currently, approximately

14.11 percent of Virginia's children are enrolled in the Medicaid program and 2.05 percent are enrolled in the FAMIS Plan. DMAS has applied these percentages to the estimated population of 11,435 to determine that an additional 1,613 children would enroll in Medicaid and 234 would enroll in FAMIS because of this bill.

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Previous experience with the eligibility expansion or adjustments has shown DMAS that increases in enrollment resulting from such changes occur over time. Therefore, DMAS assumes in its estimates that it will take approximately a year and a half for increases in enrollment for both of these programs to fully phase in.

The agency estimates that the cost for both programs is \$128 per month in FY2003 and \$139 per month in FY2004. DMAS says that the costs are essentially the same because the agency is assuming the same health status and demographics for both populations. Applying these assumptions, DMAS believes that Medicaid medical expenditures resulting from this bill will be \$894,629 (\$442,419 GF) in FY2003 and approximately \$2.5 million (\$1.2 million GF) in FY2004. Regarding the increased enrollment in the FAMIS program, DMAS estimates that the cost will be \$129,903 (\$44,922 GF) in FY2003 and \$364,620 (\$126,268 GF) in FY2004.

9. Specific agency or political subdivisions affected: DMAS

10. Technical amendment necessary: No

11. Other comments: None

Date: 02/04/02/sas

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cc: Secretary of Health and Human Resources