

Department of Planning and Budget 2002 Fiscal Impact Statement

1. **Bill Number** HB913

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

2. **Patron** O'Bannon

3. **Committee** Health, Welfare and Institutions

4. **Title** Expand Coverage of Medical Assistance to Aged and Disabled Individuals Up to 100 Percent of the Federal Poverty Level

5. **Summary/Purpose:**

This bill raises the income eligibility standards for Medicaid for aged and disabled individuals from 80 percent to 100 percent of the federal poverty level (FPL) as permitted by federal law.

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	\$60,663	0.0	GF
2002-03	\$181,988	0.0	NGF
2003-04	\$94,254	0.0	GF
2003-04	\$282,762	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	\$22,759,799	0.0	GF
2002-03	\$23,462,377	0.0	NGF
2003-04	\$37,999,099	0.0	GF
2003-04	\$38,813,311	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	\$22,820,462	0.0	GF
2002-03	\$23,644,365	0.0	NGF
2003-04	\$38,093,353	0.0	GF
2003-04	\$39,096,073	0.0	NGF

6b. Revenue Impact: None

7. **Budget amendments necessary:** Yes, Item 322, Subprogram 47902; and Item 325, Subprogram 45609

8. **Fiscal implications:**

Administrative and Support Services

DMA estimates that additional claims will result from the new eligibles. For the bulk of the population, the claims will be for pharmacy services. DMA estimates the additional claims processing cost to be \$242,650 (\$60,663 GF) in FY 2003 and \$377,016 (\$94,254 GF) in FY 2004.

Medical Assistance Services (Medicaid)

Effective July 1, 2001, Medicaid coverage for aged and disabled individuals was expanded from the Supplemental Security Income (SSI) level, effectively 74 percent of the FPL, up to 80 percent of the FPL. As of December 1, 2001, 6,216 new recipients were enrolled in this new eligibility category, which DMA believes spans the population between 74 percent and 80 percent of FPL. However, this population continues to increase and DMA expects to reach 6,838 recipients before leveling off. The agency estimates that a proportionate population resulting from the increase between 80 percent and 100 percent of FPL is 22,793 recipients. DMA determined this estimate by taking the 6,838 recipients resulting from the raising of the FPL to 80 percent, dividing it by the six percent increase from 74 percent to 80 percent, and then multiplying it by the 20 percent increase needed to reach 100 percent of FPL.

The population targeted by this bill is comprised of three distinct groups:

- Those receiving limited Medicaid benefits as QMB-only status, as well as receiving Medicare premiums, co-payments, and deductibles (approximately 67 percent);
- New Medicaid eligibles who also receive Medicare (approximately 22 percent); and
- New Medicaid eligibles who do not receive Medicare (approximately 11 percent).

The additional Medicaid cost per person varies greatly depending on which group the recipient is in. However, DMA estimates that the overall average cost per full year eligible for this new population is \$3,120 in FY 2003 and \$3,370 in FY 2004. For the population that was enrolled as QMB-only, the primary cost is driven by the receipt of pharmacy services at an estimated cost of \$2,561 per recipient in FY 2003. While the cost for the new Medicaid eligibles who also have Medicare is \$7,358 per recipient. DMA used a weighted average of \$3,120 in its calculation to account for the variance between the two populations. DMA estimates that because of this bill's requirements, medical expenditures could be approximately \$71.1 million in FY 2003 and \$76.8 million in FY 2004. However, DMA has reduced the estimate for FY 2003 by 65 percent to reflect the startup lag time required to enroll the new eligibles in the first year. This adjusts the FY 2003 estimate to approximately \$46.2 million.

This bill would also unavoidably affect the Department of Social Services (DSS), by giving local DSS offices additional eligibility determination to process. However, it appears that the impact should be minimal. Most of the affected recipients are already enrolled as QMB-only individuals. However, DSS might experience a slight increase in eligibility determination, as well as a slight change in methodology, due to the addition of individuals who are not yet qualified for Medicare. At this time, the size of the fiscal impact to DSS is uncertain.

9. Specific agency or political subdivisions affected: DMAS and DSS

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/18/02/sas

Document: g:\sas\02gasession\02bills\dpbfiss\hb913.doc
cc:SecretaryofHealthandHumanResources