

Department of Planning and Budget 2003 Fiscal Impact Statement

1. Bill Number HB2297

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

2. Patron Devolites

3. Committee Passed Both Houses

4. Title Children's health insurance through employer -sponsored health insurance

5. Summary/Purpose:

This bill amends § 32.1-351.1 of the *Code of Virginia* by eliminating the reference to a minimum required contribution that an employer must make to an employee's health care plan in order for the family to participate in the Employer Sponsored Health Insurance (ESHI) option available in the Family Access to Medical Insurance Security (FAMIS) Plan.

Currently, the *Code* mandates that an employer must contribute at least 50 percent toward the cost of dependent family coverage for an employer's comprehensive health insurance program to be considered ESHI. Federal law originally mandated that the employer contribution be no less than 50 percent. However, the federal law has been modified and no longer requires any specific level of contribution. This bill would eliminate any reference to a minimum contribution from the *Code* and give the Department of Medical Assistance Services (DMAS) the ability to adjust the limit, as it deems appropriate.

Under the current FAMIS Plan, if a family elects to participate in the ESHI option and it is deemed cost effective by DMAS, then the children are enrolled in the program.

6. No Fiscal Impact (see Section 8)

7. Budget amendment necessary: No

8. Fiscal implications:

Due to the current contribution rate requirement, the number of children participating in the ESHI component of the FAMIS Plan is low. Currently, there are 24 active cases and 36 pending cases. By reducing the required contribution rate, the hope is that enrollment will increase.

At this time, DMAS does not have any staff dedicated to the ESHI component. Agency staff that is primarily responsible for the operation of the Medicaid Health Insurance Premium Payment (HIPP) program has enrolled the few children who are currently participating. DMAS believes that enrollment could increase to the point that it would be necessary for an individual to be assigned the responsibility of overseeing the ESHI component. However, at this time the agency does not have a means of determining how much enrollment could

increase if the contribution rate is reduced. Should the number of enrollees increase to the point that the current HIPPA staff is no longer able to keep up with the demand, a Band 4, Health Care Compliance Specialist I would be needed to address the administrative aspects of the ESHI component. This position would cost \$43,200 (\$15,120 GF) per year. The funding and position (.35 GF) would be appropriated to Item 324, Subprogram 44603.

f

By definition, ESHI participation cannot be approved unless it is cost-effective for the Commonwealth. Furthermore, children must already be enrolled in the FAMIS Plan before applying to participate in ESHI. The agency believes that any increased participation in the ESHI program should result in a small amount of savings to the FAMIS medical budget. Although at this time, it would be difficult to estimate those savings. Given the increased enrollment in the FAMIS Plan in recent months, any medical savings resulting from this legislation could be used to offset the cost of any increased enrollment.

9. Specific agency or political subdivisions affected: DMAS

10. Technical amendment necessary: No

11. Other comments: None

Date: 02/21/03/sas

Document: g:\sas\03gasession\2003bills\dpbfiss\hb2297er.doc

cc: Secretary of Health and Human Resources