

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** SB 1464

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

**2. Patron:** Whipple

**3. Committee:** Appropriations

**4. Title:** Medicaid coverage for legally permanent residents

**5. Summary:** The bill, as amended, provides Medicaid coverage for qualified alien residents who have been legally present in the United States for the federally required waiting period and meet all other eligibility requirements. It contains a second enactment clause stating the bill will only become effective if an appropriation is included for this purpose in the general appropriation act during the 2011 Session of the General Assembly.

**6. Budget Amendment Necessary:** Yes, Item 297, Service Area 45609 and Item 300, Service Area 49901.

**7. Fiscal Impact Estimates are:** Final.

**Expenditure Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2012               | \$1,219,632    | -                | General     |
| 2012               | \$1,251,132    | -                | Federal     |
| 2013               | \$2,142,277    | -                | General     |
| 2013               | \$2,142,277    | -                | Federal     |
| 2014               | \$2,365,417    | -                | General     |
| 2014               | \$2,365,417    | -                | Federal     |
| 2015               | \$2,602,632    | -                | General     |
| 2015               | \$2,602,632    | -                | Federal     |
| 2016               | \$2,862,015    | -                | General     |
| 2016               | \$2,862,015    | -                | Federal     |
| 2017               | \$3,145,316    | -                | General     |
| 2017               | \$3,145,316    | -                | Federal     |

**8. Fiscal Implications:** The bill would expand health care coverage for qualified alien residents including pregnant women and would increase the number of low income adults covered under Medicaid.

The state's Medicaid program currently pays for only the labor and delivery costs (emergency services) for lawfully residing resident alien women who do not meet current Medicaid alien status requirements. The Department of Medical Assistance Services (DMAS) estimates approximately 938 deliveries are paid for each year at an average cost of \$3,252. This bill provides full-benefit Medicaid coverage for these women, providing coverage during their entire pregnancy and up to two months after the birth. DMAS projects the average monthly enrollment of pregnant women is expected to increase by 468, with a monthly average cost of \$892. The cost of full pregnancy care minus the cost of the labor and deliveries that are currently covered results in an annual cost of \$1,957,104. The first year amount assumes only 80 percent of the cost to factor in a lag resulting from this policy change. This results in a FY 2012 impact of \$1,565,683 (\$782,842 GF). The estimates assume no growth in the future monthly cost per pregnant woman member or in the affected population.

In FY 2010, DMAS estimates a small number of individuals lost coverage due to exceeding the existing five year limit for permanent resident aliens or the seven year limit for qualified refugees. In FY 2012, DMAS estimates approximately 14 additional individuals would be eligible as aged or disabled and 132 as low income adults with this bill. It is assumed the aged and disabled would stay in the program resulting in an additional 14 each year on top of those previously enrolled. Low income adults have higher turn over and so increases in average monthly population are assumed to level off quickly. For the aged and disabled, the costs per year are estimated at \$15,927 and for low income adults costs are estimated at \$6,441. Population growth is estimated at three percent per year and cost per enrollee growth is calculated separately by eligibility group. The first year is discounted by 25 percent for enrollment and claim payment lags due to this policy change. These estimates result in medical costs of \$782,707 (\$391,353 GF) in FY 2012 and \$2,253,887 (\$1,126,944 GF) in FY 2013.

The fiscal impact estimates also include an administrative impact on DMAS. In FY 2012, the agency will have estimated one-time costs of \$63,000 (with a 75 percent federal match) to make system changes to the Medicaid Management Information System. In addition, the agency estimates additional enrollment-related costs (estimated at \$9.50 per enrollee per month) for various contractual expenditures (i.e. prior authorization and claims costs).

**Detail of Fiscal Impact Estimates:**

| <b>Fiscal Year</b> | <b>Medical Dollars</b> | <b>Admin Dollars</b> | <b>Total Costs</b> | <b>Fund</b> |
|--------------------|------------------------|----------------------|--------------------|-------------|
| 2012               | \$1,174,195            | \$45,437             | \$1,219,632        | GF          |
|                    | \$1,174,195            | \$76,937             | \$1,251,132        | Federal     |
| 2013               | \$2,105,496            | \$36,781             | \$2,142,277        | GF          |
|                    | \$2,105,496            | \$36,781             | \$2,142,277        | Federal     |
| 2014               | \$2,320,887            | \$44,530             | \$2,365,417        | GF          |
|                    | \$2,320,887            | \$44,530             | \$2,365,417        | Federal     |
| 2015               | \$2,556,791            | \$45,841             | \$2,602,632        | GF          |
|                    | \$2,556,791            | \$45,841             | \$2,602,632        | Federal     |
| 2016               | \$2,814,835            | \$47,180             | \$2,862,015        | GF          |
|                    | \$2,814,835            | \$47,180             | \$2,862,015        | Federal     |
| 2017               | \$3,096,768            | \$48,548             | \$3,145,316        | GF          |
|                    | \$3,096,768            | \$48,548             | \$3,145,316        | Federal     |

**9. Specific Agency or Political Subdivisions Affected:** Department of Medical Assistance Services.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 2/14/11

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