

Department of Planning and Budget 2011 Fiscal Impact Statement

1. Bill Number: SB 978

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

2. Patron: Whipple

3. Committee: Health, Welfare and Institutions

4. Title: FAMIS Eligibility

5. Summary: This bill raises the upper income eligibility limit for the Family Access to Medical Insurance Security (FAMIS) children's health insurance program from 200 percent of the federal poverty level to 225 percent.

The bill has 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 296, subprogram 44602 for medical costs and Item 300, subprogram 49932 for administrative costs.

7. Fiscal Impact Estimates are: Final.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Total Costs</i>	<i>Positions</i>	<i>Fund</i>
2012	\$3,996,668	-	GF
2012	\$7,440,384	-	Federal
2013	\$10,272,463	-	GF
2013	\$19,077,432	-	Federal
2014	\$12,302,192	-	GF
2014	\$22,846,928	-	Federal
2015	\$7,059,785	-	GF
2015	\$32,713,651	-	Federal
2016	\$5,401,310	-	GF
2016	\$39,609,610	-	Federal
2017	\$6,113,166	-	GF
2017	\$44,829,888	-	Federal

8. Fiscal Implications: The bill will increase the number of children eligible for health care coverage under the state's Children's Health Insurance Program (CHIP) called FAMIS by increasing the upper income limit to 225 percent of the federal poverty level (FPL). Based on the populations in the FAMIS program that currently enroll children from 133 to 200 percent FPL, the Department of Medical Assistance Services (DMAS) estimates there is a maximum

population ceiling of 24,000 children as of FY 2012 between 200 and 225 percent FPL. Using reports from recent eligibility determinations for FAMIS on the number of recent denials for being above 200 percent FPL and supporting evidence from past enrollment trends, this fiscal impact assumes that in FY 2012 there would be 8,531 new enrollees over the course of the year, raising the average monthly enrollment by 4,621. In FY 2013, the average monthly enrollment is projected to increase by 11,334 and then increase to 12,817 in FY 2014. Enrollment growth is then estimated to increase annually at 6.8 percent.

The FY 2010 average annual per member cost for FAMIS enrollees was \$2,118. This impact assumes the cost per member will increase 6.1 percent each year (average annual growth FY 2007 through FY 2010). Projecting forward to FY 2012, the annual per member cost is estimated to be \$2,384 resulting in total expenditures of \$11,017,820 (\$3,856,237 GF and \$7,161,583 NGF). Expenditures under FAMIS receive an enhanced 65 percent federal reimbursement. FAMIS expenditures are scheduled to receive an 88 percent federal reimbursement beginning October 1, 2015, through September 30, 2019.

This estimate includes funding for increased administrative expenditures for eligibility determinations for the FAMIS program and increased call volume at the FAMIS call processing unit. Administrative costs in FY 2012 also include \$63,000 for systems changes to the Medicaid Management Information System, which is reimbursed at the enhanced federal match rate of 75 percent. This fiscal impact projects administrative costs of \$419,232 (\$140,431 GF) in FY 2012 and \$679,893 (\$237,962 GF) in FY 2013. The following table shows the expected increases in annual monthly enrollment and costs through FY 2017.

	Expected Increase Average Monthly Enrollment	Estimated Cost Per Member (Inflated 6.1% Annually)	Total Medical Costs	Administrative Costs	Total Costs	General Fund	Federal
FY2012	4,621	\$2,384.42	\$11,017,820	\$419,232	\$11,437,052	\$3,996,668	\$7,440,384
FY2013	11,334	\$2,529.65	\$28,670,003	\$679,893	\$29,349,896	\$10,272,463	\$19,077,432
FY2014	12,817	\$2,683.73	\$34,396,613	\$752,507	\$35,149,120	\$12,302,192	\$22,846,928
FY2015	13,690	\$2,847.19	\$38,978,171	\$795,265	\$39,773,436	\$7,059,785	\$32,713,652
FY2016	14,623	\$3,020.61	\$44,169,984	\$840,936	\$45,010,920	\$5,401,310	\$39,609,610
FY2017	15,619	\$3,204.59	\$50,053,335	\$889,720	\$50,943,055	\$6,113,167	\$44,829,888

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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