

Department of Planning and Budget 2016 Fiscal Impact Statement

1. Bill Number: HB 1204

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Minchew, J. Randall

3. Committee: Health, Welfare and Institutions

4. Title: Virginia Health Care Access Fund; created

5. Summary: The proposed legislation establishes the Virginia Health Care Access Fund to increase access to health care services through the provision of grants to health care providers who provide health care services to newly eligible individuals described in 42 U.S.C. § 1396a(a)(10)(A)(i)(VIII), but does not expand access to medical assistance services provided through the state plan for medical assistance for such individuals.

6. Budget Amendment Necessary: No. The introduced budget includes budget language and all necessary appropriation for the Department of Medical Assistance Services (DMAS) to implement coverage for newly eligible individuals pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act. Therefore, the introduced budget should have sufficient general and nongeneral fund appropriations to cover any fiscal implications associated with this bill. No budget amendments are necessary.

7. Fiscal Impact Estimates Cannot Be Determined (See Item 8)

8. Fiscal Implications: The proposed legislation establishes a fund where federal medical assistance funding pursuant to 42 U.S.C. §1396d(y) can be drawn down and used to make grants payments to health care providers who provide care for the qualifying uninsured. This bill presumes 100 percent federal funding for the first three years either as negotiated with CMS or under any revised FMAP provisions released by CMS.

Assuming technical concerns are addressed, see Item 10, and federal approval is granted the proposal would allow providers to be reimbursed for care provided to uninsured individuals (up to 133 percent of the federal poverty level) from the Fund. There is no way to estimate how many providers would choose to provide care under the bill's provisions; however, it is assumed that any costs associated with this coverage would be supported entirely with federal dollars. Moreover, while receiving 100 percent federal support, the Commonwealth would be able to yield general fund savings up to or even in excess of those projected in a Medicaid expansion. Again, these savings cannot be estimated as there is no way to know how many providers would agree to provide coverage per this legislation. Additional administration costs would also be incurred. An estimate for these costs could be based on administrative funding projections developed for a Medicaid expansion. These included

costs in the Departments of Medical Assistance Services (\$11.8 million general fund and \$30.3 million federal in FY 2017 and \$15.2 million general fund and \$31.0 million federal in FY 2018) and Social Services (\$1.4 million general fund and \$4.1 million federal in FY 2017 and \$2.2 million general fund and \$6.4 million federal in FY 2018).

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

Department of Social Services

Department of Behavioral Health and Developmental Services

Department of Corrections

Office of the Attorney General.

10. Technical Amendment Necessary: Yes. If enacted, all provisions of the legislation, including the Fund, would be effective July 1, 2016. Paragraph C. requires that “this section shall expire, and the Fund shall cease to exist, at such time as the federal medical assistance percentage for newly eligible individuals becomes less than 100 percent of the amounts expended by the state for medical assistance services.” As the federal matching percentage will only remain at 100 percent until January 1, 2017, it is unclear if there is sufficient time to gain federal approval before the bill’s provisions expire.

11. Other Comments: None

Date: 1/28/16