

Department of Planning and Budget

2003 Fiscal Impact Statement

1. Bill Number HB1822

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

2. Patron Morgan

3. Committee Finance

4. Title Medicaid-Buy-In.

5. Summary/Purpose:

This engrossed bill requires the Board of Medical Assistance Services to prepare and seek approval of a Section 1115 waiver application to implement one of the options for a Medicaid Buy-In program pursuant to Section 4733 of the Balanced Budget Act of 1997 or the Ticket to Work and Work Incentives Improvement Act of 1999. The application should be designed to be cost effective and to provide up to 200 working individuals with disabilities, who, because of their higher earnings are ineligible for medical assistance services, with access to coverage under Virginia's medical assistance services program. The waiver is to be submitted to the Centers for Medicare and Medicaid Services (CMS) by October 31, 2003. The waiver is to be effective July 1, 2004 contingent upon approval by CMS.

The provision for a Medicaid Buy-In must provide such working persons with disabilities access to this comprehensive health care when they meet the Board's established income and resource or other eligibility criteria and upon payment of a premium to participate in the Virginia Medicaid program. The Board's Medicaid Buy-In provision could consist of a time-limited demonstration project or others such option as the Board determines to be appropriate for the purposes of removing barriers to work and providing comprehensive health coverage for disabled persons, while assuring the fiscal integrity of the Commonwealth's medical assistance services program.

The Board's Medicaid Buy-In provision must establish income eligibility, asset and resource limitations, premium payments, age eligibility, criteria for determining the level of disability required for participation, and, if feasible, criteria for providing continued participation upon medical improvement.

6. Fiscal Impact Estimates are: Preliminary

6a. Expenditure Impact: (see Section 8)

Item 322, Subprogram 47901

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$0	0.0	GF
2003-04	\$0	0.0	NGF

2004-05	\$95,250	1.0	GF
2004-05	\$95,250	1.0	NGF

Item322,Subprogram47902

<i>FiscalYear</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$0	0.0	GF
2003-04	\$0	0.0	NGF
2004-05	\$905	0.0	GF
2004-05	\$2,713	0.0	NGF

Item325,Subprogram45609

<i>FiscalYear</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$0	0.0	GF
2003-04	\$0	0.0	NGF
2004-05	\$818,000	0.0	GF
2004-05	\$818,000	0.0	NGF

TotalDepartmentofMedicalAssistanceServices

<i>FiscalYear</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$0	0.0	GF
2003-04	\$0	0.0	NGF
2004-05	\$914,155	1.0	GF
2004-05	\$915,963	1.0	NGF

6b. RevenueImpact: (SeeSection8)

7. Budgetamendmentnecessary: Yes,Item322,Subprograms47901and47902;andItem 325,Subprogram45609.

8. Fiscalimplications:

Administrative and Support Services

The Department of Medical Assistance Services (DMAS) would incur additional claims processing costs resulting from the additional claims for the new participants. The claims processing charges from the fiscal agent are \$.3618 per claim. By multiplying the enrollment (200) by the average number of claims DMAS pays for SSDI recipients per year (50) times the current processing charge per claim, the agency estimates claims processing costs of \$3,618 (\$905 GF) in FY 2005.

This bill requires that a premium payment be collected from each recipient. DMAS maintains that its current staffing level will not permit the easy absorption of this requirement and other reporting requirements. It estimates that two additional full-time staff (a Band 3, Administrative Office Specialist III and a Band 4, Financial Services Specialist I) would be needed to implement the requirements of this bill. The cost associated with the additional staff members in FY 2005 is \$90,500 (\$45,250 GF).

The Medicaid Management Information System (MMIS) would have to be adjusted to accommodate this new covered group. However, the agency does not estimate a fiscal impact at this time, given what it knows about the requirements for a systems change. If the change to the MMIS ends up being more complicated than currently expected, additional support may be needed. While the MMIS may not need to be adjusted, the agency's Oracle Governmental Financial System would. DMAS estimates that the adjustment would require a one-time charge of \$100,000 (\$50,000 GF) in FY 2005.

Medical Assistance Services (Medicaid)

The agency estimates that the average annual cost per recipient is \$8,630 (\$4,315 GF). DMAS arrived at this estimate by reviewing the FY 2002 Medicaid utilization and inflation costs and factoring in 20 percent for inflation. Therefore, if all 200 slots were filled in FY 2005, as this bill requires, DMAS estimates that it would cost \$1,726,000 (\$863,000 GF).

The intention of this waiver is to allow disabled individuals to stay in the workforce without losing Medicaid benefits. Currently, disabled Medicaid recipients may be faced with a choice of either re-entering the workforce and losing Medicaid benefits or not re-entering the workforce and continuing to receive the benefits. To the extent that this waiver acts as an incentive for current Medicaid enrollees whomay have otherwise not entered the workforce to seek employment opportunities, these estimated medical costs do not represent new medical costs. However, DMAS cannot limit the waiver to only those individuals who are currently on Medicaid and who would like to return to work. According to DMAS, the majority of states that have implemented a Medicaid Buy-In program have discovered that at least 60 percent of Medicaid Buy-In enrollees had Medicaid for at least 30 days in the previous 12 months.

Revenue

A portion of the estimated expenditures could be offset by revenue collected as premium payments. The amount of the monthly premium payment would have to be determined. However, it could range from \$25 to \$50 or even higher, depending on the established qualifications. DMAS estimates that if 200 recipients paid monthly premiums of \$37.50 (average of range), the resulting revenue for a full-year could be \$90,000 (\$45,000 GF).

The agency has selected to net the amounts against the estimated Medicaid expenditure to reduce the expenditure impact. Therefore, the estimated expenditures for Item 325, Subprogram 45609 reflect that netting of revenue and expenditures.

Department of Social Services and Rehabilitative Services

The Department of Social Services (DSS) would be responsible for establishing eligibility for the Medicaid Buy-In program once the parameters of the eligibility have been defined. The

Department of Rehabilitative Services (DRS) would be responsible for determining the disability status of the participating individuals. Given the small number of individuals participating in this program, the fiscal impact to these agencies is minimal and should be easily absorbed.

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

10. Technical amendment necessary: No

11. Other comments: None

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cc: Secretary of Health and Human Resources