

# Department of Planning and Budget

## 2010 Fiscal Impact Statement

**1. Bill Number:** SB 266

House of Origin      X   Introduced               Substitute               Engrossed

Second House               In Committee           Substitute               Enrolled

**2. Patron:**        Whipple

**3. Committee:** Education and Health

**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.

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

**Expenditure Impact:**

(Item 296, Service Area 44602)

Fiscal Year	Dollars	Positions	Fund
2011	\$2,556,398	0.0	GF
2011	\$4,747,597	0.0	NGF
2012	\$2,768,913	0.0	GF
2012	\$5,142,267	0.0	NGF
2013	\$2,999,094	0.0	GF
2013	\$5,569,747	0.0	NGF
2014	\$3,248,411	0.0	GF
2014	\$6,032,763	0.0	NGF
2015	\$3,518,453	0.0	GF
2015	\$6,534,269	0.0	NGF
2016	\$3,810,944	0.0	GF
2016	\$7,077,467	0.0	NGF

(Item 300, Service Area 49932)

Fiscal Year	Dollars	Positions	Fund
2011	\$134,480	0.0	GF
2011	\$267,749	0.0	NGF
2012	\$175,497	0.0	GF
2012	\$325,923	0.0	NGF
2013	\$181,207	0.0	GF
2013	\$336,528	0.0	NGF
2014	\$187,209	0.0	GF
2014	\$347,674	0.0	NGF
2015	\$193,511	0.0	GF
2015	\$359,378	0.0	NGF
2016	\$200,121	0.0	GF
2016	\$371,654	0.0	NGF

**7. Budget Amendment Necessary:** Yes, Item 296, Service Area 44602 and Item 300, Service Area.

**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). Reports from the FAMIS Central Processing Unit (CPU) estimate there were approximately 7,000 children in Virginia between 200 and 225 percent of FPL that were denied enrollment in FY 2009. Assuming an implementation date of July 1, 2010, and a first year enrollment rate of 93 percent, it is estimated that 6,500 additional children will be enrolled in FY 2011. For FY 2012 and beyond, a five percent enrollment growth rate is applied.

The FY 2009 average annual per member cost for FAMIS enrollees was \$1,056. This impact assumes the cost per member will increase 3.2 percent (average annual growth from FY 2007 through FY 2009). Projecting forward to FY 2011, the annual per member cost is estimated to be \$1,123.69 resulting in total expenditures of \$7,303,996 (\$2,556,398 GF and \$4,747,597 NGF). Expenditures under FAMIS receive and enhanced 65 percent federal reimbursement.

The following table provides GF and NGF estimates through FY 2016. To meet the requirements of this legislation, this estimate includes funding for increased administrative expenditures for eligibility determinations for the FAMIS and FAMIS MOMS programs and information system enhancements as performed by the FAMIS Call Processing Unit and the Virginia Department of Social Services. Administrative costs in FY 2011 also include \$63,000 for systems changes to the Medicaid Management Information System which is reimbursed at an enhanced federal match rate of 75 percent. This fiscal impact estimates the administrative costs at \$402,230 (\$134,480 GF) in FY 2011 and \$501,421 (\$175,497 GF) in FY2012.

	Fiscal Year	Expected Increase in Annual FAMIS enrollment	Estimated Cost Per Member (Inflated 3.2% Annually)	Total Medical Costs	Administrative Costs	Total Costs	GF	NGF
	FY2009		\$1,056.00					
	FY2010		\$1,089.32					
	FY2011	6,500	\$1,123.69	\$7,303,996	\$402,229	\$7,706,225	\$2,690,879	\$5,015,346
5% Enrollment growth	FY2012	6,825	\$1,159.15	\$7,911,181	\$501,420	\$8,412,601	\$2,944,410	\$5,468,190
	FY2013	7,166	\$1,195.72	\$8,568,841	\$517,735	\$9,086,576	\$3,180,302	\$5,906,274
	FY2014	7,525	\$1,233.45	\$9,281,173	\$534,883	\$9,816,056	\$3,435,620	\$6,380,437
	FY2015	7,901	\$1,272.37	\$10,052,722	\$552,889	\$10,605,611	\$3,711,964	\$6,893,647
	FY2016	8,296	\$1,312.52	\$10,888,410	\$571,775	\$11,460,185	\$4,011,065	\$7,449,120

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

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** No.

**Date:** 1/27/2010 mst

**Document:** G:\Ga Sessions\2010 Session\Sb266.Doc