

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB 273

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

2. Patron: Favola

3. Committee: Education and Health

4. Title: Department of Juvenile Justice; eligibility for Medicaid

5. Summary: The bill provides that Medicaid benefits shall be suspended, rather than terminated, upon a foster-care youth entering the custody of the Department of Juvenile Justice (DJJ). Furthermore, the bill only permits Medicaid services from being provided to such youth while confined to a DJJ facility if federal financial participation is available. Upon release the youth would still be eligible for Medicaid until no longer determined to be eligible. The bill also provides that the time a youth is in a DJJ facility, that time shall not be included in the calculation of when a person must recertify their eligibility as allowed under federal law.

6. Budget Amendment Necessary: Yes. Items 301 and 304.

7. Fiscal Impact Estimates: Final.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	\$0	-	-
2015	\$181,935	-	General Fund
	\$519,435	-	Nongeneral Fund
2016	\$26,370	-	General Fund
	\$26,370	-	Nongeneral Fund
2017	\$26,370	-	General Fund
	\$26,370	-	Nongeneral Fund
2018	\$26,370	-	General Fund
	\$26,370	-	Nongeneral Fund
2019	\$26,370	-	General Fund
	\$26,370	-	Nongeneral Fund
2020	\$26,370	-	General Fund
	\$26,370	-	Nongeneral Fund

8. Fiscal Implications: The bill will have a fiscal impact on the Commonwealth, primarily for implementation costs. It provides for continuity of coverage for children that were under foster care at the time they entered the Department of Juvenile Justice (DJJ), throughout their incarceration, and continuing upon their release without consideration of the time spent in the

DJJ in the timeframe for re-determining eligibility. Currently, Medicaid benefits are terminated upon entering the DJJ and re-evaluated upon their release.

Virginia's Medicaid Management Information System (MMIS) does not allow for suspending enrollment. To add this capability would require a systems change beyond what can be done in the given yearly contractual allotment of hours for MMIS maintenance, changes, and enhancements. The Department of Medical Assistance Services (DMAS) estimates this change would have a one-time cost of \$675,000. Systems changes are funded at 25 percent general fund and 75 percent federal funds. Therefore, the general fund costs related to the MMIS change are estimated at \$168,750 GF in state fiscal year 2015.

In addition to the systems changes, there would be additional expenditures paid for the released children who would have been determined to not be eligible for Medicaid. DMAS assumes this would only be done with federal approval in regards to eligibility determination changes. Currently, there are approximately 5,200 Medicaid enrollees that are in foster care. DMAS does not have Virginia statistics of what percentage of these children enter or exit juvenile justice detention, but using statistics of similar populations in other states has assumed 2.28 percent of the foster care population would exit a DJJ facility in any given year and be potentially affected by the legislation. Of those, DMAS assumes a small percentage, five percent, is not eligible upon release. With this bill these individuals would receive Medicaid services since the bill does not allow their DJJ time to count with regards to their redetermination of eligibility. The Medicaid coverage of these individuals would likely be provided by managed care organizations and paid through capitation payments. The average monthly cost of a foster care enrollee is approximately \$1,465 and DMAS assumes 6 months of payments would pass before a new eligibility determination found they were not eligible. Based on these assumptions, and with a 50 percent reduction the first year due to the anticipated releases over the course of that first year, the medical costs of the proposed legislation would be \$26,370 total funds (\$13,185 GF) in fiscal year 2015 and \$52,740 total funds (\$26,370 GF) in fiscal year 2015 and thereafter.

9. Specific Agency or Political Subdivisions Affected: Department of Medical Assistance Services and the Department of Juvenile Justice.

10. Technical Amendment Necessary: No.

11. Other Comments: None.