

## Department of Planning and Budget 2022 Fiscal Impact Statement

**1. Bill Number:** HB 1012

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

**2. Patron:** Tran

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Children; comprehensive health care coverage program

**5. Summary:** This legislation directs the Department of Medical Assistance Services (DMAS) to establish a program to provide state-funded comprehensive health care coverage for individuals in the Commonwealth who (i) are under 19 years of age, (ii) are not covered under a group health plan or health insurance coverage, and (iii) but for their immigration status would be eligible for medical assistance services through the Commonwealth's program of medical assistance services established pursuant to Title XIX or XXI of the Social Security Act. The bill also requires the Department to ensure that all program information is made available in a manner that is accessible to individuals with limited English proficiency through the provision of language access services, including oral interpretation and written translations, free of charge, and to ensure that information obtained by the program remains confidential and is not disclosed for any purpose not related to the administration of the program or any purpose related to civil immigration enforcement unless the subject of the information consents to such disclosure or the requesting agency presents a valid judicial order, subpoena, or warrant. The bill also requires DMAS to establish a workgroup composed of individuals with experience conducting outreach to individuals who are eligible for the program established by the bill to advise and assist DMAS in carrying out marketing and outreach activities required by the bill, and to seek all federal waivers and other approvals necessary to maximize federal financial participation in the cost of carrying out the program established by the bill.

**6. Budget Amendment Necessary:** Yes. Items 304 and 62.

**7. Fiscal Impact Estimates:** Preliminary (See Item 8)

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	\$7,656,129	General
2024	\$12,295,137	General
2025	\$19,502,312	General
2026	\$22,427,024	General
2027	\$25,314,307	General
2028	\$28,678,351	General
2029	\$32,577,752	General

- 8. Fiscal Implications:** Many of the specifics related to how this new comprehensive health care program would be implemented have not yet been developed. As such, the following assessment of fiscal implications is limited to the information and analysis provided by the Department of Medical Assistance Services (DMAS). Much of the DMAS feedback is in turn based on a recent workgroup that developed financing strategies and options for providing health care services to undocumented immigrant children (required by Item G., Chapter 552, 2021 Virginia Acts of Assembly, Special Session I). Actual medical and administrative costs will vary based on a variety of factors, some of which are estimated in this statement (i.e. program utilization and known contracts) and others that have not yet been identified.

#### Department of Medical Assistance Services

According to DMAS, there are an estimated 13,000 potentially eligible undocumented children in Virginia who are within current income limits for Medicaid and the Family Access to Medical Insurance Security Plan (FAMIS). However, DMAS maintains not all eligible children would be enrolled in this new program. As such, DMAS expects a ramp up with enrollment reaching 4,550 (35 percent of the 13,000) by the end of the first year of the program and 5,590 (43 percent of the 13,000) by the end of the second year. These ramp-up assumptions reflect the recent experience of Oregon's Cover All Kids program, implemented in 2018<sup>1</sup>. DMAS further assumes that this new program would be primarily a managed care delivery system, with much smaller fee-for-service elements, similar to other child populations currently enrolled in Virginia's Medallion 4.0 managed care program. It is assumed that capitation rates for this program would be similar to those for the current FAMIS population, based on the expected age distribution in the program. As such, per member per month costs are initially estimated at \$226.01. As there is no feasible way to immediately establish the program and begin providing the required coverage, DMAS assumes that the program would be operational by July 1, 2023, resulting in medical costs of \$7.3 million in fiscal year 2024 and \$14.5 million in fiscal year 2025. Should coverage begin sooner, then first year costs would increase.

Setting up a comprehensive health care program, as provided for in the bill, would require administrative funds with some costs expected to begin in FY 2023. While there is significant additional planning required before this benefit can be operationalized, DMAS provided a series of administrative cost estimates based on available data. DMAS estimates that \$4.2 million in FY 2023 and \$3.1 million each year thereafter would be needed to cover the costs associated with service provider contracts (i.e. dental, enrollment broker, service authorization, rate setting, etc.), outreach, and readiness review. In addition, system costs are expected to be \$1.7 million in FY 2023 and \$0.2 million in subsequent years. DMAS also identified the need for 10 additional positions to administer the program. These positions are expected to cost \$1.4 million each year. The administrative cost for DMAS would total approximately \$7.3 million in FY 2023 and \$4.7 million thereafter.

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<sup>1</sup> Nationally, participation rates in children's medical assistance programs (the share of eligible people enrolled) was 93.1 percent in 2017. While it is unlikely that this program would ever experience similar participation, should enrollment exceed the assumptions in this statement, costs would increase. For example, if 60 percent of the estimated population enrolled in the new program, then the medical costs reflected in this statement would increase by approximately 30 percent.

As the services provided by this bill are not currently reimbursed by any federal programs, it is assumed that all costs would be borne by the general fund.

#### Department of Social Services

As noted previously, a complete plan as to how this new program would be operationalized has not yet been developed. The role and responsibilities of local departments of social services are still unclear. However, at a minimum, the provisions of this bill would require the acceptance of applications by local agencies. Further, local staff are likely to have additional responsibilities related to renewal and program integrity efforts. The Department of Social Services is currently assessing the legislation and developing a fiscal impact estimate. Once this analysis has been completed, this statement will be revised to reflect the additional costs.

#### Office of Attorney General

The Office of Attorney General (OAG) indicates that this legislation is establishing a Medicaid-like program for children who meet the Medicaid eligibility rules, with the exception of their immigration status. While the population will be significantly smaller than the current Medicaid population, the OAG anticipates implementation costs associated with legal questions, regulatory review, contract review, agency advice and litigation under the Administrative Process Act. The Office reports that the current 4.5 attorneys representing the DMAS will be unable to absorb any additional workload and an additional two positions are necessary. OAG estimates the cost of these positions to be \$277,197 (\$138,598.42 each) annually. DMAS pays an hourly rate for OAG services. As such, this support would be included in the DMAS budget as general fund with OAG receiving nongeneral fund appropriation and positions.

#### **9. Specific Agency or Political Subdivisions Affected:**

Department of Medical Assistance Services  
Department of Social Services  
Office of Attorney General

#### **10. Technical Amendment Necessary:** No

#### **11. Other Comments:** This bill is a companion to SB 484.