Department of Planning and Budget
2023 Fiscal Impact Statement

1. **Bill Number:** SB 1327

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

2. **Patron:** McClellan and Ebbin

3. **Committee:** Education and Health

4. **Title:** Comprehensive children's health care coverage program; DMAS shall establish

5. **Summary:** The proposed legislation directs the Department of Medical Assistance Services 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 department must also establish a centralized processing site for the administration of this program, which must include the distribution of program information, robust outreach activities, eligibility determinations, enrollment, and data collection. The program must provide for acceptance of applications by local social services agencies, providers, and other appropriate persons. The bill also requires DMAS to ensure that all program information is made available, free of charge, in a manner that is accessible to individuals with limited English proficiency and disabilities. DMAS must ensure that information obtained by this program remains confidential and is not disclosed for any purpose not related to the administration of the program.

6. **Budget Amendment Necessary**: Yes, New Items.

7. **Fiscal Impact Estimates:** Preliminary; See Item 8

Expenditure Impact:

Fiscal Year	*Dollars*	*Fund*
2024	$7,324,020	General
2025	$11,963,028	General
2026	$19,170,203	General
2027	$21,257,993	General
2028	$22,090,423	General
2029	$22,090,423	General
2030	$22,090,423	General

8. **Fiscal Implications:** The bill directs DMAS to establish a program to provide state-funded comprehensive health care coverage for children who are not covered by a group health plan

or health insurance coverage, and 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.

A workgroup convened by the Secretary of Health and Human Resources as directed in the 2021 Special Session I Appropriations Act found that there are an estimated 13,000 potentially eligible undocumented children in Virginia who are within current income limits for Medicaid and FAMIS. There are an estimated 9,000 uninsured, undocumented children aged 0-18 with household incomes below 205 percent of the federal poverty level (FPL). In addition, there are approximately 4,000 children below 205 percent FPL whose families self-report that they are enrolled in Medicaid or other public insurance. This coverage is likely emergency Medicaid or more limited locally funded programs, given that undocumented children would not be eligible for full Medicaid or FAMIS/CHIP. The work group's estimate of potentially eligible children includes these additional 4,000 children who likely have limited health care coverage, for a total of 13,000.

If this legislation is implemented, 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 estimates are based on the recent experience of Oregon's Cover All Kids program, implemented in 2018. Because Oregon's program included a significant outreach and communications campaign as part of its launch and automatically enrolled children in the state's emergency Medicaid program, these enrollment estimates are likely on the high end of what Virginia might expect to see in the first two years. DMAS assumes that the program would be primarily a managed care delivery system, with much smaller fee-for-service elements, similar to other child populations currently in Virginia's Medallion 4.0 Medicaid and FAMIS managed care program.

Assuming capitation rates similar to those for the current FAMIS population, based on the expected age distribution in the program, per member/per month costs would range from $226.01 to $261.64 from year one to year four. Assuming the program would be operational July 1, 2024, DMAS estimates resulting medical costs of $7.3 million general fund in fiscal year 2025 and $14.5 million general fund in fiscal year 2026.

Setting up a comprehensive health care program will require administrative funds with startup costs expected in the first year. First year costs are estimated at $4.2 million for contractual services including many service providers adding this new program (dental, enrollment broker, service authorization, rate setting, etc.) as well as outreach and readiness review. Other startup costs estimated at $1.8 million include system changes to the Department of Social Services' Case Management System (VaCMS), as well as DMAS's fiscal agent and pharmacy benefit systems. On-going contractual costs are estimated at $3.0 million and include dental, enrollment broker, service authorization, rate setting etc. On-going systems costs are estimated at $173,000 for DMAS's fiscal agent and pharmacy benefit systems. Administrative costs also include ten positions to administer the program at $1.3 million per year, including program analysis and oversight, fiscal and contractual oversight, and program and fiscal compliance.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** This bill is similar to HB 2210.