

Department of Planning and Budget 2024 Fiscal Impact Statement

1. Bill Number: SB 231

House of Origin	<input type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input checked="" type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Hashmi

3. Committee: Health and Human Services

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

5. Summary: The amended bill 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 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.

The bill also requires the Department to (a) consult with individuals with direct and lived experience with the program eligibility criteria established by the bill and individuals with experience conducting outreach to individuals who are eligible for the program established by the bill to advise and assist the Department in carrying out marketing and outreach activities required by the bill and (b) 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.

As amended, the bill's provisions would not become effective until January 1, 2026

6. Budget Amendment Necessary: Yes, New Items.

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

Expenditure Impact: Department of Medical Assistance Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2025	-	-	-
2026	\$12,375,295	10.0	General
2027	\$22,235,999	10.0	General
2028	\$25,459,588	10.0	General
2029	\$26,500,729	10.0	General
2030	\$27,593,928	10.0	General

Expenditure Impact: Office of the Attorney General

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2025	-	-	-
2026	\$185,434	3.0	General
2027	\$370,867	3.0	General
2028	\$370,867	3.0	General
2029	\$370,867	3.0	General
2030	\$370,867	3.0	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. It should be noted that, while this estimate is the best currently available, this it is dated and likely low.

Based on the delayed enactment (January 1, 2026), DMAS expects a ramp up with enrollment reaching 5,590 (43 percent of the 13,000) by the end of the first year of the program. These ramp-up estimates are based on the 2018 experience of Oregon's Cover All Kids program and assume that this benefit is publicized over the 18 months prior to implementation. As such, the amended bill is anticipated to have a higher number of initial enrollees when the new coverage is implemented. 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 managed care programs. 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. With an implementation date of January 1, 2026, DMAS estimates that six months of medical costs in FY 2026 would be \$6.4 million general fund. The twelve-month coverage cost would be \$17.5 million general fund in FY 2027. Out year costs assume a one percent annual growth rate.

Setting up a comprehensive health care program will require administrative funds with startup costs expected in the first year. First program year costs are estimated at \$3.1 million general fund for contractual services including having 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 general fund 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 \$2.8 million general fund and include dental, enrollment broker, service authorization, rate setting etc. On-going systems costs are estimated at \$173,000 general fund for DMAS's fiscal agent and pharmacy benefit systems. Administrative costs also include ten positions and wage staff to administer the program at \$1.0 million general fund in FY 2026 and \$1.7 million general fund each year thereafter. These positions would provide program analysis and oversight, fiscal and contractual oversight, and program and fiscal compliance. Total administrative costs are estimated to be \$5.9 million general fund in FY 2026 and \$4.6 million each year thereafter.

The Office of the Attorney General (OAG) indicates that similar to Medicaid eligibility determinations, any denial/partial denial of benefits under the new state program could be construed as an agency action/case decision under section 2.2-4001 of the Virginia Administrative Process Act and be subject to appeal rights. As such, this would be a new category of appeal for OAG to handle. OAG estimates a need of three positions (two attorneys and one legal staff) at an annual cost of \$370,867 general fund. It is assumed that half of this amount would be needed in FY 2026 due to the delayed enactment.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

Office of the Attorney General

10. Technical Amendment Necessary: No

11. Other Comments: None