

## Department of Planning and Budget 2003 Fiscal Impact Statement

**1. Bill Number** HB2287

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

**2. Patron**        Devolites

**3. Committee**    Education and Health

**4. Title**         Children's health insurance.

**5. Summary/Purpose:**

This engrossed bill establishes a program that incorporates the Family Access to Medical Insurance Security (FAMIS) Plan and the medically indigent children portion of the Medicaid program to provide a coordinated program for children. The children -oriented portion of the Medicaid program will be named the FAMIS Plus program . The program will permit coordinated outreach and enrollment for both programs. The bill also requires a single application to determine eligibility for both programs. In addition, this bill modifies the current FAMIS Plan by:

- Shortening the waiting period for children with previous insurance from six to four months, and
- Modifying coverage for mental health services to include services covered under Virginia Medicaid's "State Plan Option" services.

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

6a. Expenditure Impact: (see Section 8)

***Item 322, Subprogram 47901***

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$43,750	0.0	GF
2003-04	\$43,750	0.0	NGF
2004-05	\$0	0.0	GF
2004-05	\$0	0.0	NGF

***Item 324, Subprogram 44602***

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$13,214	0.0	GF
2003-04	\$24,542	0.0	NGF
2004-05	\$14,744	0.0	GF
2004-05	\$27,382	0.0	NGF

**Total Department of Medical Assistance Services**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	\$0	0.0	GF
2002-03	\$0	0.0	NGF
2003-04	\$56,964	0.0	GF
2003-04	\$68,292	0.0	NGF
2004-05	\$14,744	0.0	GF
2004-05	\$27,382	0.0	NGF

6b. Revenue Impact: None

7. **Budget amendment necessary:** Yes, Item 322, Subprogram 47901; and Item 324, Subprogram 44602.

8. **Fiscal implications:**

The fiscal implications of the various aspects of this bill are shown below.

	<b>FY2004</b>		<b>FY2005</b>	
	<b>Total</b>	<b>GF</b>	<b>Total</b>	<b>GF</b>
<b>FAMIS Plus Program</b>	\$87,500	\$43,750	\$0	\$0
<b>Shorten Waiting Period</b>	\$37,756	\$13,214	\$42,126	\$14,744
<b>Total</b>	\$125,256	\$56,964	\$42,126	\$14,744

**FAMIS Plus Program**

According to the Department of Medical Assistance Services (DMAS), the cost incurred by this initiative would be a one-time administrative cost related to the redesigning and printing of procedures, pamphlets, and forms to incorporate the name change. DMAS estimates that this effort would cost \$87,500 (\$43,750 GF) in FY2004. The agency assumes 50 percent federal funding for administrative costs under the Medicaid programs since the majority of the FAMIS Plus population would receive federal funding under the Medicaid entitlement program.

Furthermore, DMAS believes that the health maintenance organizations (HMOs) that participate in the Medallion II program may also incur a substantial administrative cost if they are required to produce separate FAMIS Plus eligibility cards and benefit brochures. However, due to the financial constraints currently being experienced by both the Commonwealth and the HMOs, DMAS would work with the HMOs to minimize the fiscal impact of the name change.

**Shorten the Waiting Period from Six to Four Months**

Currently, a child is ineligible for FAMIS coverage if he has been covered under a health plan in the last six months, unless there was due cause for dropping the coverage. This bill would reduce the length of time a child must be uninsured in order to qualify for the FAMIS Plan from six months to four. Data from DMAS' central processing unit shows that approximately 45 children each month are determined to be ineligible either because they had

previous private insurance or because they had access to the state employees' health insurance program.

In determining the impact of this initiative, DMAS assumes that 80 percent, or 36, of the children are denied because of previous private health insurance. Assuming that these children would enter the FAMIS Plan two months earlier than what is currently permitted, DMAS estimates the resulting expenditure to be \$37,756 (\$13,214 GF) in FY2004 and \$42,126 (\$14,744 GF) in FY2005.

***Modify Coverage of Mental Health Services Under FAMIS***

This bill also mandates that FAMIS mental health services are to incorporate intensive in-home services, case management services, day treatment, and 24-hour emergency response. These coverage additions are identical to those proposed in the Introduced Budget. DMAS estimates that there is no additional fiscal impact because the funding to address these services is already provided for in the Introduced Budget.

**9. Specific agency or political subdivisions affected:** DMAS and the Department of Social Services

**10. Technical amendment necessary:** No

**11. Other comments:** This bill is the companion to the engrossed SB1218.

**Date:** 02/06/03/sas

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cc:Secretary of Health and Human Resources