

FISCAL NOTE

Requested by Legislative Council
01/18/2011

Bill/Resolution No.: SB 2221

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$4,797,328		\$12,502,131
Expenditures			\$3,885,836	\$4,797,328	\$10,096,769	\$12,502,131
Appropriations			\$3,885,836	\$4,797,328	\$10,096,769	\$12,502,131

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This Bill would allow a portion of medical assistance-eligible adults the opportunity to select whether to receive medical coverage through the traditional medical assistance program or to receive coverage through a separate health insurance plan.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of this bill requires the department of human service to negotiate with the state and private entities to purchase health insurance policies and annually provide a portion of medical assistance-eligible adults the opportunity to select whether to receive medical service coverage through the traditional medical assistance program or to receive coverage through a separate health insurance policy. This would also require system changes to the Department's eligibility system and MMIS along with other administrative costs.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The revenue increase in each biennium is the additional federal funds the state would receive for the higher cost incurred if these changes are approved.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures for the 11-13 biennium include administrative cost for required quality reviews, actuarial cost, and mailings which total \$187,039. Required changes to IT Systems will cost 268,516 and temporary salaries for assistance initiating the new option were included at \$114,442. Assuming 95% utilization, insurance premium costs were estimated at \$8,113,168 for 18 months of 11-13 biennium. The total estimated cost for the 11-13 biennium is \$8,683,164 of which \$3,885,836 would be general funds.

Expenditures for the 13-15 biennium include administrative cost for required quality reviews, actuarial cost, and mailings which total \$327,039. Assuming 95% utilization, insurance premium costs were estimated at \$22,271,862

for 24 months of 13-15 biennium. The total estimated cost for the 13-15 biennium is \$22,598,900 of which \$10,096,769 would be general funds.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The Department will need an appropriation increase of \$8,683,164 in the 11-13 biennium, of which \$3,885,836 would be general funds and \$4,797,328 would be federal funds.

The Department will need an appropriation increase of \$22,598,900 in the 13-15 biennium, of which \$10,096,769 would be general funds and \$12,502,131 would be federal funds.

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