

FISCAL NOTE

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Bill/Resolution No.: HB 1050 Amendment to: _____

Requested by Legislative Council Date of Request: 1-3-95

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, and cities.

Narrative:

Our assessment of Sections 30 and 31 show that extending coverage to 1,572 pregnant women and to 25,557 children under 18 up to 185% of the poverty level would cost about \$75.6 million in the 1995-97 biennium. See attached. The impact of Section 32 is unknown.

- 2. State fiscal effect in dollar amounts:

Table with 3 columns for Biennium (1993-95, 1995-97, 1997-99) and 2 rows for General Fund and Special Funds.

Revenues:

Expenditures: 19,848,193 55,730,113 21,964,349 61,221,900

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1993-95 biennium: -0-
b. For the 1995-97 biennium: 75,578,306
c. For the 1997-99 biennium: 83,186,249

- 4. County and City fiscal effect in dollar amounts:

Table with 3 columns for Biennium (1993-95, 1995-97, 1997-99) and 2 rows for Counties and Cities.

If additional space is needed, attach a supplemental sheet.

Signed [Signature]

Typed Name Mike Schwindt

Department Human Services

Phone Number 328-4666

Date Prepared: 1/6/95

North Dakota Department of Human Services

Section 30: Increase coverage for Poverty Level Pregnant Women and Children under the age of 18 to 185% of the federal poverty level:

The distribution of the population by age and ratio of income to the federal poverty level was provided by the Rand Corporation.

Poverty Level Pregnant Women: Actual recipients (ages 18 to 44) and expenditures (from Aug. '93 to Jul. '94) were used for the base cost. The proportion with hospital and physician insurance was assumed to be 50% at 185% of the poverty level (it is 30% at 133% of the poverty level). Insurance pays for 80% of hospital and physician expenditures (which are 85% of total expenditures). The changes in price level used are 5.34% (8/95), 2.41% (8/96), 5.70% (8/97), and 5.40% (8/98).

Children less than 18 years: The base cost was calculated from recipients and expenditures provided on the HCFA 2082 (FY94 Quarter 4). 75% of the children at 185% of the poverty level would become eligible for Medicaid and 85% of them would receive assistance. Recipient liability is computed to be \$150 for children less than 6 years, \$200 for children ages 6 to 11, and \$250 for children ages 12 to 17. The changes in price level used are: 5.20% (8/95), 2.41% (8/96), 5.00% (8/97), and 5.00% (8/98).

Federal Financial Participation: 68.73% for FY95 (8/95-9/95), 69.06% for FY96 (10/95-9/96), 68.80% for FY97, FY98, and FY99 (10/96 - 7/99).

Coverage would be provided to:

1,572	Poverty Level Pregnant Women
4,216	Children under the age of 6
9,670	Children 6 to 11 years old
11,671	Children 12 to 17 years old
27,129	Total additional persons

Expenditures:

	<u>Payments made on behalf of children & pregnant women</u>	<u>State Administration</u>	<u>County Administration</u>	<u>Total Expenditures</u>
<u>1995-97:</u>				
Total	66,417,484	163,654	2,068,560	68,649,698
Federal	45,774,927	122,740	1,034,280	46,931,947
State	17,936,193	40,914	0	17,977,107
County	2,706,364	0	1,034,280	3,740,644
<u>1997-99:</u>				
Total	72,333,185	170,266	2,152,130	74,655,581
Federal	49,765,231	127,699	1,076,065	50,968,995
State	19,609,161	42,567	0	19,651,728
County	2,958,793	0	1,076,065	4,034,858

NORTH DAKOTA DEPARTMENT OF HUMAN SERVICES

FISCAL NOTE: HB 1050 - SECTION 30

ADMINISTRATIVE COSTS - STATE OFFICE

1995-1997 BIENNIUM

THE ADDITION OF 27,129 RECIPIENTS TO THE MEDICAID PROGRAM WOULD INCREASE THE NUMBER OF CLAIMS PROCESSED FROM ABOUT 2.5 MILLION PER YEAR TO ABOUT 3.5 MILLION CLAIMS PER YEAR. ALTHOUGH MANY CLAIMS WOULD BE SUBMITTED ELECTRONICALLY, ADDITIONAL STAFF WOULD BE NEEDED TO PROCESS, ENTER AND CORRECT THE ADDITIONAL CLAIMS AS FOLLOWS:

1 GRADE 12 DATA ENTRY OPERATOR AT SALARY MIDPOINT PLUS FRINGE BENEFITS, SUPPLIES, EQUIPMENT	\$ 45,368
2 GRADE 14 CLAIMS AUDITORS AT SALARY MIDPOINT PLUS FRIDGE BENEFITS, SUPPLIES, EQUIPMENT	\$ 98,286
ADDITIONAL DATA PROCESSING OPERATIONAL COSTS	\$ 20,000
TOTAL	\$163,654
FEDERAL FUNDS	\$122,740
GENERAL FUNDS	\$ 40,914

1997-1999 BIENNIUM

COSTS INCREASED BY 2% PER YEAR

TOTAL	\$170,266
FEDERAL FUNDS	\$127,699
GENERAL FUNDS	\$ 42,567

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SECTION 30

County Administration

27,129 additional eligible persons at the 185% poverty level for pregnant women and children.

Estimated 3 persons per family.

Number of families $\frac{27,129}{3} = 9,043$ families

Number of families per eligibility worker - used 300 rather than 250 to account for some counties not having reached the maximum and therefore would not have to add staff.

Number of eligibility workers required = $\frac{9,043}{300} = 30$

Salary of eligibility worker II mid-point \$2,065 plus benefits and indirect costs (excludes existing indirect costs such as county director, etc.) of 35% (\$723) or \$2,788 per month.

1995-97 Biennium

\$2,788 per month plus 2% per year increase or biennium month average of \$2,873 salary, benefits and indirect.

\$2,873 salary per month times 30 eligibility worker II's times 24 months = \$2,068,560

TOTAL	\$2,068,560
Estimated federal share (50%) =	1,034,280
Estimated county share (50%) =	1,034,280

1997-99 Biennium

2% annual inflation in 1997-99 Biennium

\$2,068,560 times 2% times 2% =	\$2,152,130
Federal share (50%)	1,076,065
County share (50%)	1,076,065

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Section Number : 31

North Dakota Department of Human Services

Section 31: Increasing the medically needy income levels to 133% of the Aid to Families with Dependent Children monthly payment standard:

Applied the AFDC Standard currently in use. No standard increase was applied in the 1995 - 1997 biennium as per AFDC budget in SB 2012. An estimated annual increase in AFDC Standards of 2.5% was applied in the 1997 - 1999 biennium. Used in-house special computer run showing numbers of medically needy families by household size (excluded institutionalized living arrangements) in September 1994. Used HCFA 2082 to determine the number of eligibles receiving assistance (78%). Of those, 80% would have recipient liability.

Multiplied AFDC standard times 133% by household size to obtain proposed income levels for Medicaid. The impact of the proposed change in Medicaid income levels was computed by multiplying the change of income limits by the number of applicable households. The federal financial participation percentage used was the weighted percentage applicable during the biennium periods.

<u>Expenditures:</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
1995 - 1997 Biennium	6,928,608	4,775,197	1,871,086	282,325
1997 - 1999 Biennium	8,530,668	5,869,100	2,312,621	348,947

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Section 32: This section directs the Department to increase reimbursement rates to providers if sufficient general fund appropriations are available.

This fiscal impact on the 1995 - 1997 biennium would directly relate to the funds made available. We do not know what those funds are at this time.