

**Testimony before the Industry, Business and Labor Committee
Representative George Keiser, Chairman
April 28, 2010**

Chairman Keiser, members of the Industry, Business, and Labor Committee, I am Maggie Anderson, Director of the Medical Services Division, for the Department of Human Services. I appear before you to provide information on the impact of the health care reform legislation on the Medicaid program and the Department of Human Services.

The Department has prepared a draft, preliminary estimate of the impact of the health care reform legislation on the Medicaid program and the Department of Human Services based on information known at this time. We expect the estimates to change, as we continue to receive new information. For example, the estimated enrollment information used in the preliminary estimate is from a study by the Lewin Group in October 2009. We continue to receive clarification on various eligibility provisions and know that the reconciliation bill contained an across the board five percent income disregard (this would be in addition to the 133% federal poverty level). We are in the process of analyzing Current Population Survey information and once we finalize the number of clients we understand to be "newly eligible" (with the five percent disregard), we will run the enrollment information through our budget tables. We believe this will give us an updated and potentially more accurate estimate of the cost for the new eligibles, as it will account for our current program costs, including the provider rebasing and inflationary increases provided this biennium. With our current required federal reporting and state budget reporting that must be completed, and since the Medicaid-

expansion does not take effect until January 2014, we expect to begin the next step of our analysis this summer.

In May, I will have two opportunities to meet with other Medicaid Directors and staff from the Centers for Medicare and Medicaid Services to discuss implementation of the Medicaid provisions in the health care reform legislation. We are hopeful that these meetings will provide greater detail and clarity for some of the legislative provisions. We also know that some of the provisions will be clarified through agency rulemaking; which may take a couple of years to finalize.

We also know the estimates will change as we know more about the options for copayments and other cost sharing and well as benefit plan design for the newly eligible group.

I know this committee has used the Kaiser Commission on the Uninsured Side by Side for previous discussions. I will describe the Medicaid-related provisions in the health care reform legislation; provide an overview of how each provision may impact North Dakota Medicaid; and note areas where additional information is needed to further refine the estimated impact to the Medicaid program and the Department of Human Services.

**ND Department of Human Services
White House / Congressional Leadership Reconciliation Bill
Preliminary Estimate of Health Care Reform Impacts on ND Medicaid
March 23, 2010**

Estimates should be used with caution, as amounts will change when additional guidance and policy decisions are made at the federal level.

Administrative Costs:

State Costs

One Time Costs

Phase in of salary, benefits, and operating costs for 30 FTEs prior to January 2014	\$ 1,197,622
New Eligibility System Development	12,275,000
Implementation of New Business Rules in MMIS	1,375,000

Total One Time Costs

\$ 14,847,622

Ongoing Annual Costs

Annual costs of 30 FTEs along with operating costs	<u>\$ 1,318,288</u>
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Total Overall Administrative One Time Costs and Ongoing Annual Costs thru CY 2019

\$ 22,757,350

Grant Costs:

Newly Eligible - Medicaid Expansion	\$ 35,300,000
Costs Associated with Other Provisions	47,920,774

Total Grant Costs

\$ 83,220,774

**OVERALL ESTIMATE OF ADMINISTRATIVE
AND GRANT COSTS (STATE SHARE)
THROUGH CY 2019**

\$ 105,978,124 *

*** NOTE: This estimate only includes 6 years of state costs because benefits do not start until 2014.**

The estimate does not include the 5% income disregard.