



# 127th MAINE LEGISLATURE

LD 633

LR 1188(02)

## An Act To Improve the Health of Maine Citizens and the Economy of Maine by Providing Affordable Market-based Coverage Options to Low-income Uninsured Citizens

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Health and Human Services

Fiscal Note Required: Yes

### Fiscal Note

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$12,549,248	\$36,010,365	\$44,569,453
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$12,549,248	\$36,010,365	\$44,569,453
Federal Expenditures Fund	\$0	\$222,859,155	\$469,552,481	\$469,882,438
Other Special Revenue Funds	\$0	\$4,563,610	\$6,084,810	\$6,084,810
<b>Revenue</b>				
Federal Expenditures Fund	\$0	\$222,859,155	\$469,552,481	\$492,882,438
Other Special Revenue Funds	\$0	\$4,563,610	\$6,084,810	\$6,084,810

### Fiscal Detail and Notes

Part A of this bill expands medical coverage under the MaineCare program to adults who qualify under federal law with incomes up to 133% of the nonfarm income official poverty line (FPL), with the 5% federal income adjustment for family size. Individuals with income equal to or below 100% FPL would receive coverage through MaineCare. Individuals with income over 100% FPL through 138% FPL would receive coverage through private health insurance plans, through premium assistance at the same level that would be provided through advanced premium tax credits. Part A also requires those with income over 100% and equal to or below 138% FPL who are receiving private health coverage through the Maine Private Health Insurance Protection Program to pay premiums and cost sharing up to a maximum of 5% of household income. Part A also allows for the termination of the program under two scenarios: 1) If the federal share for individuals eligible under this paragraph is reduced below the amounts specified in 42 United States Code, Section 1396d(y)(1) or 2) if expanded coverage is not reauthorized by the legislature by June 30, 2019. The Department of Health and Human services (DHHS), after consultation with a stakeholder group, is required to file a waiver to test a full continuum of substance use disorder treatment. This part also authorizes the DHHS to apply for and accept private foundation grants to be used to cover the cost of preparing and submitting any waivers and state plan amendments to the federal government required as a result of expanding coverage. The DHHS will report monthly on the status of the waiver and will report no later than June 1, 2017 on the status of implementation of the program.

The bill includes a General Fund appropriation of \$1,933,957 in fiscal year 2016-2017 to the Office of Family Independence - District program in the DHHS for the State share of the costs of 103 new positions to administer the eligibility expansion. Funding for the new positions reflects a 75% federal match for the 79 Eligibility Specialist positions and a 50% federal match for other new positions. The funding for the Eligibility Specialist positions assumes a 700 person caseload for each new position. This is the target caseload the DHHS has identified for the Eligibility Specialist positions. Although this bill allows for the DHHS to utilize the federally facilitated marketplace for eligibility determinations, this estimate assumes that will not occur in the current or next biennium.

The bill includes a General Fund appropriation of \$4,422,964 in fiscal year 2016-17 to the DHHS for medical costs for the newly eligible childless adult population at or below 100% of the federal poverty level and a Federal Expenditures Fund allocation of \$84,036,307 in fiscal year 2016-17, as shown below. The estimated costs assume 95% enhanced federal matching funds through December 31, 2017, 94% enhanced federal matching funds through December 31, 2018 and 93% enhanced federal matching funds through December 31, 2019 for the childless adult population with incomes less than 100% of the federal poverty level.

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Childless Adults @ or below 100% of FPL				
Estimated Population	27,937			
Est. Annual Cost Per Person	\$6,333	\$ 88,459,270	\$ 183,995,281	\$ 191,355,092
Assumed Federal Match		95.0%	94.5%	93.5%
Federal Share of Costs		\$ 84,036,307	\$ 173,875,541	\$ 178,917,011
State Share of Costs	\$ -	\$ 4,422,964	\$ 10,119,740	\$ 12,438,081

The bill includes a General Fund appropriation of \$4,525,464 in fiscal year 2016-17 to the DHHS for premium and coinsurance costs for the newly eligible childless adult population from 101% to 138% of FPL on the Private Health Insurance market and a Federal Expenditures Fund allocation of \$85,983,818 in fiscal year 2016-17, as shown below. The estimated costs assume 95% enhanced federal matching funds through December 31, 2017, 94% enhanced federal matching funds through December 31, 2018 and 93% enhanced federal matching funds through December 31, 2019 for the childless adult population with incomes from 101% to 138% of the federal poverty level.

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Childless Adults from 101% to 138% of FPL				
Estimated Population	31,557			
Est. Annual Cost Per Person	\$5,736	\$ 90,509,282	\$ 194,490,377	\$ 208,853,584
Assumed Federal Match		95.0%	94.5%	93.5%
Federal Share of Costs		\$ 85,983,818	\$ 183,793,406	\$ 195,278,101
State Share of Costs	\$ -	\$ 4,525,464	\$ 10,696,971	\$ 13,575,483

The bill also includes a General Fund appropriation of \$20,475,789 in fiscal year 2016-17 for the DHHS for premium and coinsurance costs for the parent population from 101% to 138% of the federal poverty level on the Private Health Insurance market, as shown below. The below table assumes 15,455 parents who lost coverage and an additional 4,565 parents who have not had MaineCare in the past, but will opt for this expansion coverage. Since this group was eligible under previous rules, they will not be considered newly eligible and the State will receive the regular Federal Medical Assistance Percentage (FMAP). The bill also includes a Federal Expenditures Fund allocation for the parents totaling \$36,943,699 in fiscal year 2016-17, as shown below, for the regular FMAP matching funds.

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Parents (Between 101 and 133% of the FPL)				
Estimated Population	20,020			
Est. Annual Cost Per Person	\$5,736	\$ 57,419,488	\$ 123,385,553	\$ 132,497,635
Assumed Federal Match		64.34%	64.34%	64.34%
Federal Share of Costs		\$ 36,943,699	\$ 79,386,265	\$ 85,248,978

State Share of Costs

\$ 20,475,789 \$ 43,999,288 \$ 47,248,657

The bill also includes a General Fund appropriation of \$193,711 in fiscal year 2016-17 for the DHHS for medical costs for the children who have not had MaineCare in the past, but whose family will opt for MaineCare coverage after expansion. Since these children were eligible under previous rules, they will not be considered newly eligible and the State will receive the enhanced Children's Health Insurance Program (CHIP) FMAP. The bill also includes Federal Expenditures Fund allocations for children totaling \$9,843,135 in fiscal year 2016-17, as shown below, for the enhanced CHIP FMAP matching funds.

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Crowd-out Children (Between 101 and 133% of the FPL)				
Estimated Population	4,565			
Est. Annual Cost Per Person	\$4,397	\$ 10,036,846	\$ 21,077,239	\$ 22,131,183
Assumed Federal Match		98.07%	98.07%	98.07%
Federal Share of Costs		\$ 9,843,135	\$ 20,670,448	\$ 21,704,051
State Share of Costs		\$ 193,711	\$ 406,791	\$ 427,132

The bill also includes deappropriations for the remaining funding in the MaineCare baseline for the costs of coverage for the parents population from 101% to 138% of the FPL. This group was covered through December 31, 2013, with the possibility of transitional coverage extending through December 31, 2014. The DHHS identified, as of May 2014, an annual General Fund total in the baseline for spending on this population of \$16,936,665. Of this amount, \$10,000,000 was deappropriated in PL 2013, c. 595 to fund Sections 21 and 29 waitlist members and to increase nursing facility reimbursement rates. Since there were no subsequent MaineCare appropriations or deappropriations affecting this population during the 126th Legislature or the 1st Regular Session of the 127th Legislature, continued funding for this population is included in the 2016-2017 MaineCare biennial budget baseline. This bill deappropriates the remaining \$6,936,665 that is in the baseline.

Part B of the bill includes a General Fund deappropriation of \$13,000,000 in fiscal year 2016-17 in the Executive Branch Departments and Independent Agencies -Statewide program in the Department of Administrative and Financial Services for savings to be identified by the State Budget Officer in existing programs as a result of the expansion of eligibility. Part B also requires Maine Revenue Services to report by April 30, 2017 and April 30, 2018 regarding revenues generated as a result of expanded coverage. It requires that savings and revenues be verified by the Office of Fiscal and Program Review by March 15, 2017 and May 15, 2018. It also requires the Office of Fiscal and Program Review to report its findings to the joint standing committee having jurisdiction over appropriations and financial affairs and to the joint standing committee having jurisdiction over government oversight and authorizes the latter committee to request further review and reporting by the Office of Program Evaluation and Government Accountability on the effectiveness of providing coverage through expanded MaineCare coverage. The specific programs and amount of savings that will be realized and distributed to each program cannot be determined at this time. As a benchmark, a review was done of a report on potential savings created by an outside consulting group familiar with Medicaid expansions. While that group's overall savings identified appear to be on the high side, the review does support a reasonable expectation of greater than \$20,000,000 million in savings annually with the full implementation of the expansion.

Additional costs for the Legislature's Office of Fiscal and Program Review can be absorbed within existing budgeted resources. Additional costs for the Legislature's Office of Program Evaluation and Government Accountability to conduct a review can be absorbed within existing budgeted resources but may affect the resources available to perform other assigned reviews.