



# 126th MAINE LEGISLATURE

LD 1578

LR 2357(02)

## An Act To Increase Health Security by Expanding Federally Funded Health Care for Maine People

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Health and Human Services

Fiscal Note Required: Yes

### Fiscal Note

	FY 2013-14	FY 2014-15	Projections FY 2015-16	Projections FY 2016-17
<b>Net Cost (Savings)</b>				
General Fund	\$0	(\$3,684,799)	(\$1,668,768)	\$3,292,400
<b>Appropriations/Allocations</b>				
General Fund	\$0	(\$3,684,799)	(\$1,668,768)	\$3,292,400
Federal Expenditures Fund	\$0	\$328,859,036	\$356,841,833	\$279,676,385
Other Special Revenue Funds	\$0	\$4,706,952	\$4,836,712	\$4,970,364
<b>Revenue</b>				
Other Special Revenue Funds	\$0	\$4,706,952	\$4,836,712	\$4,970,364

### Fiscal Detail and Notes

This bill implements and adjusts funding related to the expansion of MaineCare under the federal Affordable Care Act.

Part B requires an evaluation of current state programs to identify savings that would result from the MaineCare expansion, identifies programs and populations that may realize savings and deappropriates funds statewide. 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, the implementation of the MaineCare childless adults waiver effective October 2002 enrolled approximately 15,000 persons by the end of the first year and resulted in savings of \$1,800,000 that was subsequently deappropriated from the Mental Health Services - Community program in fiscal year 2002-03 (PL 2001 c.714). Part B includes a deappropriation of \$5,900,000 in 2014-15 in the Executive Branch Departments and Independent Agencies -Statewide program in the Department of Administrative and Financial Services for the initial savings to be identified in existing programs as a result of the expansion of MaineCare eligibility.

Part B includes an appropriation of \$100,000 in fiscal year 2014-15 for the Office of Fiscal and Program Review to contract with a nonpartisan research organization to evaluate the impact of the MaineCare expansion on State programs and to examine the financial feasibility of providing coverage through a Health Insurance Marketplace model. This level of contract funding will likely be insufficient to fund any detailed analysis of both the impact of MaineCare expansion and the financial feasibility of a Health Insurance Marketplace model. This level would not be sufficient to fund any actuarial analysis.

Part C of the bill includes General Fund appropriations of \$2,004,662 in 2014-15 for the Office of Family Independence - District program in the Department of Health and Human Services for the State share of the costs of 83 new positions to administer the MaineCare eligibility expansion. Funding for the new positions included in Part C reflect a 75% federal match for the 64 Eligibility Specialist positions and a 50% federal match for the 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 Department of Health and Human Services has identified for the Eligibility Specialist positions.

Part C also includes Federal Expenditures Fund allocations totaling \$327,657,166 in 2014-15 as shown below. The estimated federal allocations assume 100 percent federal matching funds through December 31, 2016 for the childless adult waiver population with incomes less than 134% of the federal poverty line. The fiscal note also assumes funding for the payment of three months of claims for this population after December 31, 2016 at the 95% enhanced federal match rate.

		<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Childless Adults @ or below 133% of FPL					
Estimated Population	55,965				
Est. Annual Cost Per Person	\$5,855	\$0	\$327,657,166	\$343,712,367	\$180,277,137
Assumed Federal Match		100.0%	100.0%	100.0%	100.0%
State Share of Costs		\$0	\$0	\$0	\$0
Childless Adults - CY 2017 Costs					
Estimated Cost		\$0	\$0	\$0	\$90,138,568
Assumed Federal Match		100.0%	100.0%	100.0%	95.0%
State Share of Costs		\$0	\$0	\$0	\$4,506,928

The bill does not include appropriations for the MaineCare costs of coverage for the parents population from 101% to 133% of the federal poverty line. Funding for coverage for this population through December 31, 2013 and for continued transitional MaineCare coverage was included in PL 2013, c. 368, the 2014-2015 Biennial Budget bill (LD 1509) at a General Fund funding level estimated at the time to be \$8,825,036 for fiscal year 2013-14 and \$9,319,223 for fiscal year 2014-15. PL 2011 c. 657 had originally eliminated coverage for this population effective September 30, 2012 contingent on federal approval of a waiver of federal Patient Protection and Affordable Care Act maintenance of effort requirements. Because the federal waiver was not granted, restoring the PL 2011, c. 657 deappropriation of \$5,866,833 (\$7,822,444 annualized ) for this initiative was included in the adjustments to the MaineCare baseline in the 2014-2015 Biennial Budget.

The Department of Health and Human Services now estimates this population has a General Fund cost of approximately \$17 million per year, even though there have been no substantive program changes that would definitively explain a change in estimate of this magnitude. This fiscal note reflects the difference between the baseline adjustment used to prepare the 2014-2015 Biennial Budget and the department's latest estimate - see table below. If there are no subsequent MaineCare appropriations or deappropriations affecting this population during the 126th Legislature, continued funding for this population will be included in the 2016-2017 MaineCare biennial budget baseline. Any biennial 2016-2017 MaineCare budget savings to that baseline will be based on enacted adjustments made by the 127th Legislature.

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
Parents (Between 101 and 133% of the Federal Poverty Line)				
Estimated Population	15,000			
2014-2015 Budget Baseline Adjustment	\$0	\$0	\$25,424,935	\$26,670,757
Assumed Federal Match	61.8%	61.6%	61.6%	61.6%
State Share of Costs	\$0	\$0	\$9,775,888	\$10,254,906
Updated DHHS Estimates	\$0	\$0	\$46,411,365	\$48,685,105
Assumed Federal Match	61.8%	61.6%	61.6%	61.6%
State Share of Costs	\$0	\$0	\$17,845,170	\$18,719,423
2016-2017 GF Baseline Adjustment	\$0	\$0	\$8,069,282	\$8,464,517

The fiscal note assumes any secondary impact on the numbers of persons participating in MaineCare as a result of this bill's expansion of MaineCare eligibility would be minimal based on the fact that most of the populations affected by the bill have been covered by MaineCare or on a MaineCare waitlist within the last year. The secondary impact on MaineCare participation as a result of implementation of the federal Patient Protection and Affordable Care Act (ACA) on MaineCare eligibility groups not addressed by the bill is not a result of this bill and therefore not included in this fiscal note. Any secondary ACA impact on the childless adult expansion population is assumed to have a minimal impact on General Fund costs given the 100% federal match. The secondary ACA impact on the parents expansion population could be significant and if it exceeds the growth assumptions for this population may result in additional General Fund costs beginning in fiscal year 2014-15. While the bill in aggregate assumes savings that could offset these General Fund costs, it does not include a mechanism to return savings to the MaineCare program until savings exceed the assumed statewide deappropriation included in this bill.

Additional costs and/or savings resulting from Part E requirements related to programs for adults with intellectual disabilities and autism are assumed to be absorbed within existing resources for existing programs.

Part F provides a Federal Expenditures Fund allocation of \$207,018 in fiscal year 2014-15 for the Department of the Attorney General for 2 Attorney General Detective positions in the Healthcare Crimes Unit.