

2nd Amended Note

This bill establishes the Children's Health Insurance Program (CHIP), which expands health insurance coverage to children in families with income levels below 200 percent of poverty. Estimated costs in FY 1999 are projected at \$8,797,600 and in FY 2000 at \$16,861,600. Federal funds will pay the major portion of the cost - \$6.8 million in FY 1999 and \$13.3 million in FY 2000. The State must come up with the balance of the funding. The bill establishes a General Fund Restricted Account - Hospital Provider Assessment Account and imposes an assessment of up to \$5.5 million annually, to be used as the State's portion of the match requirement. Funds from the assessment beyond that which is necessary to fund the CHIP can be utilized in the Medicaid program. It is anticipated that \$3,551,500 from the assessment will be diverted to the Medicaid program in FY 1999 and \$1,969,900 in FY 2000. Third-party administrative costs are expected to be covered by the premiums paid.

It is anticipated that the outreach program to find potential eligible children will result in additional Medicaid-eligible children. The cost of services for these children eligible for Medicaid has been covered through other appropriations for FY 1999. The eligibility determination costs need to be funded in both FY 1999 and FY 2000, as well as the cost of services for the projected new Medicaid-eligible children in FY 2000. These costs are estimated at \$655,600 (\$327,800 in General Fund/\$327,800 in Federal funds) in FY 1999 and \$7,396,600 in FY 2000 (\$2,093,600 General Fund/\$5,180,000 Federal Funds/\$123,600 in dedicated credits).

These figures are based on the assumptions that there are 45,000 uninsured children, 30,000 of whom would qualify for this program and 15,000 of whom would be Medicaid eligible. It also assumes that 70 percent of those children would actually enroll in the respective programs, half in FY 1999 and half in FY 2000. Projected per member costs are \$64 per month for the CHIP and \$107 for Medicaid children. The FY 2000 figures assume the same federal funds match rate as in FY 1999. However, over the past several years, the match rate has decreased, resulting in the need for additional levels of General Funds to maintain programs.

	<u>FY 99 Approp.</u>	<u>FY 00 Approp.</u>	<u>FY 99 Revenue</u>	<u>FY 00 Revenue</u>
General Fund	\$327,800	\$2,093,000	\$0	\$0
Federal Funds	\$7,176,900	\$18,511,500	\$7,176,900	\$18,511,500
Dedicated Credits Revenue		\$123,600		\$123,600
Restricted Funds	\$5,500,000	\$5,500,000	\$5,500,000	\$5,500,000

Fiscal Note
Bill Number HB0137

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TOTAL	\$13,004,700	\$26,228,100	\$12,676,900	\$24,135,100
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Office of the Legislative Fiscal Analyst