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FISCAL IMPACT REPORT



SPONSOR: Mohorovic DATE TYPED: 2/5/02 HB 306

SHORT TITLE: Revise Medicaid Eligibility Criteria SB _____

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
			(\$24,000.0)	Recurring	General Fund
			(\$70,000.0)	Recurring	Medicaid Federal Funds
			Indeterminate See Narrative	Recurring	GF/FF

(Parenthesis () Indicate Expenditure Decreases)

Conflicts with SB 272

SOURCES OF INFORMATION

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

House Bill 306 amends the age and income level standards that determine Medicaid eligibility for children. Currently, children not yet 19 are eligible for Medicaid if their New Mexico Works benefit group's income is under 185% of the federal poverty level (FPL). HB 306 would create a graduated age and income structure. Children under age one would be covered as now (benefit group income below 185% FPL); children ages 1 through 5 would be covered if such income is below 133% FPL; and children ages 6 but not yet 19 would be covered if such income is below 100% FPL. The result would be a reduced population of children eligible for Medicaid under New Mexico law.

Significant Issues

HB 306 would make approximately 46,000 children ineligible for Medicaid.

HB 306 could result in some children in a family being Medicaid eligible while others were not.

FISCAL IMPLICATIONS

According to HSD, HB 306 would save the state \$24,000.0 in state fiscal year 2003 by reducing the number of Medicaid eligible children, with an additional savings of approximately \$70,000.0 in federal monies. Medicaid SALUD! Managed care contracts would need to be renegotiated because many of the children who would become ineligible represent smaller-cost populations. The member per month cost probably would rise, resulting in lower savings than the initial \$24,000.0.

ADMINISTRATIVE IMPLICATIONS

The policy proposed in HB 306 is more complex than current policy according to HSD and would require more intensive management by staff to assure that age and income guidelines are met at all times. The department points out that this is likely to result in higher Medicaid eligibility error rates.

The new policy would require re-programming of ISD2, the automated system used to manage Medicaid eligibility.

CONFLICT

HB 306 conflicts with SB 272. The latter would remove the “sunset” provision in the present Child Health Act, which is the state-law basis for the SCHIP program, including the 235% FPL level. If SB 272 fails and the repeal of the Child Health Act proceeds as scheduled, there would be no conflict arising from enactment of HB 306. If SB 272 succeeds and the Child Health Act becomes permanent, there would be a conflict with HB 306.

POSSIBLE QUESTIONS

Can HSD project an effect on the employment status of TANF individuals whose lose Medicaid for their children?

BD/njw