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FISCAL IMPACT REPORT

SPONSOR: Wilson-Beffort DATE TYPED: 02/12/03 HB _____

SHORT TITLE: Limit Medicaid Eligibility SB 512/aSPAC

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			(\$35,182.0)	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$106,135.0)		Recurring	Federal

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From
 Agency on Aging
 Human Services Department
 Department of Health
 Children, Youth and Families

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amended Senate Bill 512 as follows:

On page 3, line 5, after "guidelines" insert "; provided that a person eligible for a medicaid program on the basis of a disability or who has met the screening criteria and been identified as needing treatment for breast or cervical cancer through medicaid pursuant to the federal Breast and Cervical Cancer Prevention and Treatment Act is exempt from the income restriction in this subsection".,

POSSIBLE QUESTIONS

1. Why is only this one population exempted from the provisions of Senate Bill 512?

Synopsis of Original Bill

Senate Bill 512 prohibits Medicaid coverage under Title 19 or Title 21 to a person of any age who is a member of a benefit group if the benefit group's income is above 200 percent of the federal poverty level (FPL).

Significant Issues

Currently, some persons in the following coverage groups qualify for Medicaid under income guidelines that exceed 200 percent of FPL.

- Institutional Care
- Home and Community Based Waivers
- Working Disabled Individuals
- State Childrens' Health Insurance Program (SCHIP)

Approximately 7,000 individuals currently receiving Medicaid benefits in these categories have incomes in excess of 200% FPL. The Department of Health estimates at least 5,000 of those losing coverage are children.

A significant number of children receiving coverage under Medicaid/SCHIP get their services from community-based primary care centers. The New Mexico Primary Care Association estimates that as many as 1,000 of the 5,000 who would lose coverage under the provisions of SB 512 are enrolled in these centers. The loss of health coverage for these children would significantly increase the costs of uncompensated care at these centers, increasing demand for financial support under the Department's Rural Primary Health Care Act Program.

Medicaid has no income criteria for women in the Breast and Cervical Cancer program. However, to be eligible for the program, one must have been screened under the Centers for Disease Control (CDC) and Prevention Breast and Cervical Cancer Early Detection Program which requires that the individual's income not exceed 250% FFP. The 200% level may contradict the federal regulation for the Breast Cervical Cancer program and an exception for this category may be needed or the service eliminated.

FISCAL IMPLICATIONS

The Human Services Department estimates the fiscal impact as reducing expenditures by a total of \$141,317.0 with \$35,182.0 in general fund and a loss of \$106,135.0 in federal revenue. The estimated 7,000 persons that will lose coverage if SB 512 is enacted.

ADMINISTRATIVE IMPLICATIONS

The changes proposed in SB 512 would require regulatory changes with public hearings and input, as well as the submittal of state plan amendments to the Centers for Medicaid and Medicare Services (CMS). In addition, the SCHIP state plan and 1115 waiver must be amended.

These program changes would require major changes to all data systems used to determine eligibility.

OTHER SUBSTANTIVE ISSUES

Many of those who currently qualify for Institutional Care Medicaid only do so because they have executed income diversion trusts. If the threshold is dropped to 200% of the federal poverty guidelines, we can expect an increase in the number of such applicants with income diversion trusts is expected which would create an increased administrative burden on the Medical Assistance Division and the Office of General Counsel. In addition, the expected decreases in Medicaid costs the bill envisions would be offset.

With respect to the Home and Community-Based Waivers, the bill would have an impact on the Lewis lawsuit in which plaintiffs allege a failure to provide DD and D&E services with reasonable promptness. Limiting coverage to those whose income does not exceed 200% FPL would reduce waiting lists and waiting times but would likely result in alternate legal action.

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