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FISCAL IMPACT REPORT

SPONSOR Heaton DATE TYPED 02/04/04 HB 79

SHORT TITLE Matching Medicaid with County Indigent Funds SB _____

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
			indeterminate		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Human Services Department

SUMMARY

Synopsis of Bill

House Bill 79 directs the Human Services Department to develop a Medicaid waiver program permitting the use of county indigent funds to be matched with federal Medicaid funds. These additional funds would be used to expand services to eligible individuals who:

- Are New Mexico residents, and
- Are determined to be eligible for Medicaid under provisions of the waiver.

Significant Issues

It is uncertain what the waiver is to accomplish. County indigent funds should only currently be used for persons not eligible for Medicaid. If eligible, the patient will presumably be enrolled and bills paid by Medicaid. Eligibility would need to be broadened to include those not currently able to access Medicaid benefits. If the waiver could only include persons not otherwise eligible for Medicaid but eligible for indigent funds, then the financial advantage is easy to visualize. That is, when an indigent bill is paid, the Medicaid federal match would be available so the indigent fund requirement would be only approximately 25 percent of the current need. However, if the waiver requires statewide Medicaid expansion above current levels to broaden the Medicaid

eligibility, then the final impact is uncertain until the costs related to the additional eligible population can be balanced against the value of the indigent funds.

Counties may be reluctant to participate in such a program unless a guarantee is put in place that returns the local revenues to the place of origin. If the indigent funds are sent to the state general fund for the Medicaid program, the corresponding expenditure will be made for any eligible person regardless of location. Indigent funds are just a tax allowed by the state and are technically available for federal match now, but only as part of the state general fund with no guarantee of return to location of origin.

It would be crucial for the waiver to expand Medicaid eligibility to adults without children.

FISCAL IMPLICATIONS

Indeterminate until the provisions of the waiver are known.

POSSIBLE QUESTIONS

If the purpose of the waiver is to allow federal match for currently unmatched medical expenditures, it may be advantageous to consider a wider range of spending beyond indigent funds. Expansions to higher income levels and the inclusion of adults would allow for this possibility by the diversion of funds currently going to insurance premiums or private pay. This could build on the state coverage initiative waiver already in place but not implemented for lack of general fund.

If the purpose is to use just the revenue currently going to indigent funds, it may be advantageous to direct some or all of these local taxes to the general fund by statute. The funds could be “earmarked” for Medicaid and would become a direct revenue source.

RLG/dm