

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

ORIGINAL DATE 01/23/08

SPONSOR Beffort LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Certain Child care Workers Premium Payments SB 133

ANALYST Weber

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$1,000.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act  
Relates to Appropriation in the General Appropriation Act

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	\$7,646.0 But depends on final program design	\$7,000.0 But depends on final program design	Recurring	Federal Medicaid Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)  
Children Youth and Families Department (CYFD)  
Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 133 appropriates \$1 million from the general fund to The Human Services Department pay the employee portion of a health insurance premium for a child care worker eligible for coverage available through a Medicaid health insurance flexibility and accountability waiver program. When such coverage is offered by a provider that is an eligible child care

provider pursuant to the Pre-Kindergarten Act or that accepts children enrolled in health or human service programs pursuant to Chapter 27 NMSA 1978 the employee is eligible.

## **FISCAL IMPLICATIONS**

The appropriation of \$1 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

HSD notes that the waiver program currently available is the State Coverage Insurance. Full SCI coverage cost per enrollee per year is \$9,600 public share (\$1,954 State share and \$7,646 Federal Share), \$75.00 employer share and \$240 (employees above 101% FPL and below 151% FPL) or \$420 (for employees above 151% FPL and below 200% FPL) employee share. If employees are projected at 50% in each FPL group, the annual total cost per 100 employees is \$1,083.0 (\$33.0 employee share; \$90.0 employer share; and \$960.0 public share).

Only the public share is matchable with federal funds.

HSD continues:

Several funding scenarios are possible:

If the \$1,000.0 appropriation is allocated only to the employee share, 3,030 employees could be served. This allocation would require an employer share of \$2,727.2 and a public share of \$30,090.0 (State share of \$6,920.0 and Federal share of \$23,170.9). This state share would constitute 16% of the \$44,268.0 state funds budgeted for all SCI for FY09.

If the \$1,000.0 appropriation is allocated to both the employee and state share, 438 employees could be served. This allocation would require an employer share of \$394.0 and would generate a Federal share of \$3,348.3).

## **SIGNIFICANT ISSUES**

CYFD notes the following:

Low-wage industries (including child care) typically experience relatively high rates of staff turnover. The provision of health insurance could help a childcare provider retain staff. As continuity of care (i.e., the same caregiver serving the same child) helps to promote a child's well-being as he or she develops, reducing staff turnover could improve the quality of care a program is able to provide.

CYFD already is cooperating with HSD in marketing premium assistance programs to child care programs and would continue to do so if this legislation were enacted.

The bill refers to providers that are eligible pursuant to the Pre-Kindergarten Act, which defines an eligible provider as being "licensed by the children, youth and families department that provides early childhood developmental readiness services or preschool special education, or is a public school, tribal program or head start program." (32A-23-3 NMSA 1978) This definition includes licensed childcare centers and licensed homes. Based on data from the New Mexico

Department of Labor, individuals working in licensed childcare programs in 2007 earn an average wage of \$7.85 per hour. A significant number of these workers likely would be eligible for the health insurance coverage referenced in this bill.

MW/bb