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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/06

SPONSOR Feldman LAST UPDATED _____ HB _____

SHORT TITLE FULLY FUND MEDICAID PROGRAM SB 74

ANALYST Weber

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$50,000.0	Recurring	General

(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
FY06	FY07	FY08		
	\$130,000.0		Recurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Senate Bill 74 appropriates \$50 million from the general fund to the Human Services Department for the purpose of funding the Medicaid program at the current level of benefits and eligibility and to allow for growth in the projected number of recipients and the rising costs of providing services to beneficiaries.

FISCAL IMPLICATIONS

The appropriation of \$50 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY07 shall revert to the

general fund. The state appropriation would generate an estimated \$130 million in federal matching funds.

SIGNIFICANT ISSUES

The current version of the General Appropriations Act includes over \$600 million from the general fund for the Medicaid program. This level of appropriation is anticipated to fund the current level of benefits and does not change eligibility. There are many variables in a program of this size, approaching \$3 billion in total expenditures, and it is difficult to project with precision the cost of this program in FY07, over a year away. However, \$50 million in addition to the over \$600 million from the general fund would seem excessive without benefit and eligibility changes. The bill needs to clarify if this appropriation is in addition to the General Appropriations Act funding or in place of. Also, the bill should include details of specific areas in the Medicaid program the \$50 million would supplement.

MW/nt