

Testimony
House Bill 1463– Department of Human Services
House Human Services Committee
Representative Clara Sue Price, Chairman
January 22, 2007

Chairman Price, members of the House Human Services Committee, I am Maggie Anderson, Director of Medical Services for the Department of Human Services. I appear before you to provide information regarding the fiscal note on this bill.

This bill would increase the income eligibility standard for the Healthy Steps Program from 140 percent of the federal poverty level (net income) to 200 percent of the federal poverty level (gross income).

The Department's estimate is based on the number of children who were denied Healthy Steps Coverage for the period of August 2005 through July 2006. The number of children estimated is 2,040, which is the number whose family income was between 140 percent (net) and 200 percent (gross). We are unable to estimate the number of additional, potential applicants that may seek coverage.

As noted in my testimony on House Bill number 1047, based on information from the 2000 Census, there are 24,505 children in North Dakota who reside in households whose income is between 140 percent and 200 percent of poverty. It is unknown; however, how many of these children already have coverage, or how many families would apply. For this reason, we cannot determine a fiscal impact for this group of children.

We estimate in the first two months of implementation about 305 children would enroll in Healthy Steps, if the income level was increased to 200 percent (gross) of poverty. We further estimate that an additional 65 children would enroll each of the remaining 22 months. By the end of the biennium, we estimate the additional enrollees to be approximately 2,040.

Also, because this bill looks at gross income versus net, it is estimated that approximately 80 children who are currently enrolled in Healthy Steps would lose coverage at 200% gross.

Based on an average monthly premium of \$207.31 per month, the additional NET cost to increase the Healthy Steps income level to 200 percent (gross) of the federal poverty level would be approximately \$6 million, of which \$1.5 million would be general funds. This fiscal note contains Federal funds while the fiscal note for House Bill 1047 did not. This is because Lines 18 and 19 of the bill indicate that this provision would only be implemented should additional federal funds become available.

Unlike Medicaid, which is an entitlement program, states receive annual federal allotments for the operation of the State Children's Health Insurance Program. If an annual allotment is not fully used, it can be carried over to be used in subsequent years. During this current biennium, the Healthy Steps program in North Dakota has seen tremendous growth ([Attachment A](#)). In preparing the 2007-2009 Budget request, the Department prepared the Healthy Steps projection, based on an average of 3,958 children per month. Based on the current allotments, we expect to essentially fully expend all carryover, and current year allotments to sustain the program at the current eligibility

limit. SCHIP is scheduled for reauthorization this year; therefore, changes may be made to the funding and allotment processes or amounts.

The fiscal note also includes the funding for an additional Full Time Equivalent (FTE) in the Medical Services Division and additional funding at the county level. Of the current Healthy Steps case load, approximately one-third of the cases are at the State office, the remainder at the county. Based on this same allocation, if this bill passed, an additional FTE would be needed to assist with the cases processed at the State Office. The estimated cost for this additional FTE for the 2007-2009 Biennium is \$102,395. This estimate includes salary, fringe, equipment and office space. Again, based on the current case load allocation, the remaining two-thirds of the cases would be processed at the county-level. The estimate of additional funds needed for county-level expenses is \$198,442, which would support the cost of two additional FTE.

An expense that is unable to be determined at this time is the cost to modify the Vision eligibility system to implement this change. Currently Medicaid and SCHIP eligibility determinations are completed in Vision, and the process is streamlined as both are calculated on net income. Changing to a gross income calculation would require significant Vision system changes, which are expected to take no less than six months to implement.

I would be happy to answer any questions you may have.