

Testimony
Senate Bill 2326 – Department of Human Services
Senate Human Services Committee
Senator Judy Lee, Chairman
January 22, 2007

Chairman Lee, members of the Human Services Committee, I am Maggie Anderson, Director of Medical Services for the Department of Human Services. I appear today to provide information on the appropriation section of this bill.

The Deficit Reduction Act of 2005 enacted a new eligibility category that would allow families with incomes up to 300 percent of the federal poverty level to “buy in” to Medicaid for a child with a disability. This bill proposed to add this eligibility category to the North Dakota Medicaid program. As you may recall, 2005 Senate Bill 2395 directed the Department of Human Services to apply for a waiver to provide in-home services to children with extraordinary needs who would otherwise require hospitalization or nursing facility care. Over the interim, the Department convened a group of stakeholders for the purpose of gathering input for and writing this waiver. 2005 Senate Bill 2395 did not contain an appropriation, and the Department was unable to include the funding for this waiver in our Budget request. However, as we prepared Optional Adjustment Requests (OARs), it was determined that we would prepare an OAR that would encompass the cost to implement both the waiver and the Buy-In for Children. As a reference (Attachment A) is a document prepared for the Interim Budget Committee on Human Services, which provides information on the Waiver, the Buy In for Children and on another option for coverage, the Katie Beckett Eligibility Option.

What is represented in the appropriation section of this bill is only the funding to implement the Medicaid Buy-In. It does **not** contain sufficient funds to implement the Waiver.

The estimate for the Buy-In for Children is based on an expected enrollment of 778 children. Based on an average monthly cost per child of \$157.43, the estimated cost is \$2,939,533, which is offset by premiums which would be collected of \$873,288. The premium is estimated to be \$117 per child per month. Families who have health insurance would **only** pay a premium if their current out of pocket expenses for their premiums are less than five percent of their gross income. Therefore, once all expenses and premiums are offset, the expected grant expenditures for the Buy In for Children would be \$2,066,245 of which \$744,261 are general funds.

Additionally, there would be expenses related to administration. Specifically, there would be expenditures for overtime for Department staff to process the premium payments. This is estimated to be \$63,840 for the biennium. Also, there would be enhancements to MMIS and the Vision system. The estimated cost for the modifications is \$306,726.

The estimated grant, overtime, and system enhancement expenditures are included in the appropriation section of this bill. The Department's OAR requested a Full Time Equivalent (FTE) for the development, implementation, and operation of this program. The appropriation section does not authorize the addition of the FTE or provide funding for the FTE. Funding for the FTE for the 2007-2009 Biennium would be \$103,462 of which \$51,731 would be general funds. Without the FTE, other projects or efforts would need to be postponed or cancelled in order to implement

this program; therefore, we respectfully request an amendment to this bill to authorize an FTE for the Department and to provide the additional funding.

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