

Testimony
House Bill 1463– Department of Human Services
Senate Human Services Committee
Senator Judy Lee, Chairman
March 5, 2007

Chairman Lee, members of the Senate 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.

House Bill 1463, as amended, proposes to make a change to the Medicaid Income eligibility requirements. **Currently**, the income eligibility guideline for children six years of age to 19 years of age is 100 percent of the federal poverty level. The proposed change in this bill would increase this income eligibility level to 133 percent of the federal poverty level, which is the current level for children up to six years of age.

The change to the Medicaid income eligibility level is expected to result in an increased Medicaid enrollment of 2,700 children. Of these, approximately 2,450 children would move from the Healthy Steps (SCHIP) program to the Medicaid program. The net change for this portion of the bill is a savings of \$2.3 million of which \$144,067 are general funds.

House Bill 1463, as amended, would also increase the income eligibility standard for the Healthy Steps Program from 140 percent of the federal poverty level (net income) to 150 percent of the federal poverty level (net income).

The Department's estimate of an additional 1,200 children to be eligible for Healthy Steps is based on the number of children who were denied Healthy Steps Coverage for the period of August 2005 through July 2006, whose family income was between 140 percent (net) and 150 percent (net).

We estimate in the first two months of implementation about 204 children would enroll in Healthy Steps, if the income level was increased to 150 percent (net) of poverty. We further estimate that an additional 36 children would enroll each of the remaining 22 months. By the end of the biennium, we estimate the additional enrollees to be approximately 1,200.

Based on an average monthly premium of \$207.31 per month, the additional NET cost to increase the Healthy Steps income level to 150 percent (net) of the federal poverty level would be approximately \$3,875,868 million, of which \$977,106 would be general funds.

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 changes proposed in House Bill 1463 actually result in a savings of federal allotment; however, if the Medicaid change was removed from House Bill 1463, the federal funds to support the Healthy Steps change (to 150 percent) would not be available.

The fiscal note also includes the funding for an additional .5 Full Time Equivalent (FTE) in the Medical Services Division and additional funding at the county level. Of the current Healthy Steps caseload, approximately one-third of the cases are processed at the State Office, the remainder at the county. The estimated cost for this additional .5 FTE for the 2007-2009 Biennium is \$65,159. This estimate includes salary, fringe, equipment and office space. Again, based on the current caseload 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 \$121,567, which would support the cost of two additional FTE.

Senate Bill 2012 (The Department's Appropriation Bill) was amended in the Senate to include the funds necessary to support the proposed Medicaid and Healthy Steps income eligibility changes. The Senate Amendments do not include the funding for .5 FTE or county costs. The total included in Senate Bill 2012 is \$1.5 million of which \$.8 million are general funds.

Attachment B shows the proposed coverage and estimated costs of the 2007 children's health care coverage bills, as of crossover. Attachment C provides a summary of the various income eligibility levels.

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