

Fiscal Estimate Narratives

DHFS 10/14/2003

LRB Number	03-2653/1	Introduction Number	AB-383	Estimate Type	Original
Subject					
Medical Assistance family planning demonstration project eligibility change					

Assumptions Used in Arriving at Fiscal Estimate

The Department has received approval to implement the Family Planning waiver, a demonstration project under the Medical Assistance (MA) program. The waiver allows the Department to provide family planning services to women aged 15 to 44 whose family incomes do not exceed 185% of the appropriate federal poverty standard. The waiver is in effect for a five year period. The Department began implementation of the waiver in January 2003.

Under this waiver, the Department expects to demonstrate that by providing MA family planning services to individuals who would not normally qualify for MA, either because they do not have children or because their income is too high for MA, the growth in Medicaid births will be slowed. Although under the waiver there will be an increase in family planning costs, which are funded 15% GPR and 85% FED, this cost increase will be offset by a savings in MA costs, which are funded approximately 40% GPR and 60% FED, as fewer Medicaid births occur. The waiver is expected to demonstrate that there will be no cost to MA as a result of the increase in family planning expenditures and that, in fact, there will be a net savings to MA over the five-year period of the waiver because of reduced MA births.

Under this bill, the lowest age at which an individual would qualify for services under the waiver would be 18 rather than 15.

The Department has projected Medicaid savings for the 15 to 17 year old age group to be \$12,689,500 AF (\$11,520,900 GPR and \$1,168,600 FED) over the five-year period of the waiver. Delivery costs and subsequent MA-related health care costs will decline as the number of MA-eligible children born to this age group declines. There will be additional costs to the state in the form of MA family planning costs, but these will be offset by the savings. In the first year of the waiver, costs are projected to be \$2,307,700 AF (\$58,300 GPR) and \$2,366,000 FED). In the remaining four years, the waiver will result in savings to the state of \$14,997,300 AF (\$11,462,600 GPR and \$3,534,700 FED).

Average annual savings to the state over a five-year period as a result of this waiver are estimated at \$2,537,900 AF (\$2,304,200 GPR and \$233,700 FED). If the minimum age at which an individual is eligible for family planning services under this waiver is raised to 18, these projected savings will not occur.

In addition, in FY 04 the state received enhanced federal matching funds under MA (FMAP) as the result of changes in the federal law. This provision began in April 2003 and is in effect until June 2004. Under this provision, the federal government pays 61.38% of Medicaid costs compared to 58.41%.

The federal government has stated that states are eligible for this enhanced FMAP only if eligibility under the Medicaid state plan, including eligibility for any waivers, is no more restrictive than the eligibility in effect on September 2, 2003. Under this provision, the state cannot reduce eligibility for MA or an MA waiver until July 2004 without losing the enhanced federal funding.

If the age at which the waiver takes effect is raised to 18 from 15, this will be considered a change in eligibility from the September 2, 2003 standard. The enhanced FMAP provides approximately \$10 million/month more in federal matching funds. Wisconsin could lose this funding for every month the revised eligibility criteria were in effect and may have to replace the funding with GPR. If, for example, the revised criteria went into effect in January 2004, the state could lose \$60 million FED by June 2004, which would have to be replaced by \$60 million GPR.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Subject			
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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
Loss of \$10 million GPR per month in enhanced FMAP in FY 04.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations		2,537,900	
TOTAL State Costs by Category		\$2,537,900	\$
B. State Costs by Source of Funds			
GPR		2,304,200	
FED		233,700	
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$2,537,900	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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