

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

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| LRB Number 07-0895/2 | | Introduction Number SB-076 | |
| Description Eligibility for and deductible amounts under the prescription drug assistance program for the elderly, providing an exemption from emergency rule procedures, and requiring the exercise of rule-making authority | | | |
| Fiscal Effect | | | |
| State: | | | |
| <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs | | | |
| Local: | | | |
| <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts | | | |
| Fund Sources Affected | | Affected Ch. 20 Appropriations | |
| <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | | 20.435(4)(bv),(4)(j),(4)(jb),(4)(pg) | |
| Agency/Prepared By | | Authorized Signature | |
| DHFS/ Carrie Schneck (608) 266-5362 | | Andy Forsaith (608) 266-7684 | |
| Date | | | 8/15/2007 |

Fiscal Estimate Narratives

DHFS 8/15/2007

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|---|------------------|---------------------|---------------|---------------|-----------------|
| LRB Number | 07-0895/2 | Introduction Number | SB-076 | Estimate Type | Original |
| Description Eligibility for and deductible amounts under the prescription drug assistance program for the elderly, providing an exemption from emergency rule procedures, and requiring the exercise of rule-making authority | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Currently, when calculating an individual's income to determine SeniorCare eligibility and benefit level, property tax payments are not deducted from the individual's income. Senate Bill 76 requires DHFS to deduct the amount that a person paid in property taxes on his or her primary residence in the previous 12 months when determining the person's annual household income for purposes of determining SeniorCare eligibility and benefits.

To implement the provisions of SB 76, DHFS would need to apply to the federal Centers for Medicare and Medicaid Services (CMS) to amend the current federal SeniorCare waiver. The waiver allows the state to receive over \$55 million per year in federal Medicaid funds to support the SeniorCare program.

Based on 2005 tax data, it is estimated SB 76 would increase SeniorCare enrollment by 11,383 individuals due to the application of the property tax deduction. In addition, the bill will result in many current SeniorCare enrollees qualifying for benefits at a lower income level. It is estimated that 5,244 SeniorCare enrollees currently participating in SeniorCare at a benefit level above 160% of Federal Poverty Level (FPL) would qualify for benefits below 160% of the FPL if property taxes were not considered in the income calculation. Therefore, these enrollees would no longer be subject to spend down and deductible requirements. For instance, an enrollee who is currently between 160 and 200% of the FPL has a \$500 annual deductible. If an individual's income is below 160% of the FPL there is no deductible requirement. If Senate Bill 76 is implemented, the enrollee may re-apply to avoid the deductible requirement.

The benefit costs of this proposal are dependent on when newly eligible seniors apply for the program and when existing SeniorCare enrollees who have a change in income and benefit level re-apply for the new benefit level. Assuming the provision is implemented on January 1, 2008, newly eligible enrollees phase in over six months, and all existing enrollees with a benefit change re-apply January 1, 2008, this proposal would increase SeniorCare benefit costs by \$4,683,545 AF (\$1,946,871 GPR) in FY08 and \$ 17,297,017 AF (\$7,801,202 GPR) in FY09. Alternatively, if it is assumed that existing enrollees re-enroll when their current benefit period expires and newly eligible enrollees phase in over six months, the proposal would increase SeniorCare benefit costs by \$3,079,402 AF (\$1,497,095 GPR) in FY08 and \$ 15,222,240 AF (\$6,786,691 GPR) in FY09.

In addition to the benefit costs, this proposal will increase administrative costs. SB 76 will require the Department to evaluate eligibility of 11,383 additional cases. The additional cases will require extra time to validate entries after applications are electronically scanned, answering questions concerning the property tax amount from enrollees, conducting additional quality control activities, and processing additional claims. In addition to the on-going administrative costs there will be one-time costs in FY08 of \$ 70,000 PR to change the Client Assistance for Re-employment and Economic Support (CARES) system and \$10,000 PR to change the scanning template and application forms.

Enrollees are required to pay an annual enrollment fee of \$30 to support administrative costs. The increase in enrollment will generate \$341,460 PR annually in enrollment fee revenues to support administrative costs. Based on historical SeniorCare administrative costs, it is estimated that the additional administrative costs will be approximately equal to the additional enrollment fee revenue.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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 Corrected
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| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): The estimate includes one time costs in FY08 of \$70,000 PR to change the Client Assistance for Re-employment and Economic Support (CARES) system and \$10,000 PR to change the scanning template and application forms. | | | |
| 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 | 341,500 | | |
| Local Assistance | | | |
| Aids to Individuals or Organizations | 17,297,017 | | |
| TOTAL State Costs by Category | \$17,638,517 | | \$ |
| B. State Costs by Source of Funds | | | |
| GPR | 7,801,202 | | |
| FED | 9,495,815 | | |
| PRO/PRS | 341,500 | | |
| 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, ets.) | | | |
| | Increased Rev | Decreased Rev | |
| GPR Taxes | \$ | | \$ |
| GPR Earned | | | |
| FED | | | |
| PRO/PRS | 341,500 | | |
| SEG/SEG-S | | | |
| TOTAL State Revenues | \$341,500 | | \$ |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | State | Local | |
| NET CHANGE IN COSTS | \$17,638,517 | | \$ |
| NET CHANGE IN REVENUE | \$341,500 | | \$ |
| Agency/Prepared By Authorized Signature Date | | | |
| DHFS/ Carrie Schneck (608) 266-5362 | | Andy Forsaith (608) 266-7684 | 8/15/2007 |