

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 722

SHORT TITLE: N.C. Health Right Program

SPONSOR(S): Sen. Forrester

FISCAL IMPACT: **Expenditures:** Increase (x) Decrease ()
 Revenues: Increase () Decrease ()
 No Impact ()
 No Estimate Available ()

FUND AFFECTED: General Fund (x) Highway Fund () Local Fund ()
 Other Fund ()

BILL SUMMARY: This bill establishes the Health Right program in the Department of Human Resources. The Health Right Program would provide health care benefits for all persons with incomes under 185% of the federal poverty guidelines who are otherwise unable to obtain health insurance coverage. The benefit package for Health Right enrollees replicates the Medicaid benefit package. The bill requires the Secretary of the Department of Human Resources to present to the General Assembly, by January 1, 1994, a plan for implementation of the Health Right Program; the Department is to implement the program July 1, 1995.

EFFECTIVE DATE: Upon Ratification

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: Department of Human Resources Division of Medical Assistance

FISCAL IMPACT

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	93-94	94-95	95-96	96-97	97-98
IN MILLIONS					
TOTAL EXPENDITURES	.6	\$3.7	\$1,255.2	\$1,330.5	
\$1,410.3 FEDERAL FUNDS		0	.3	395.7	
419.4 444.5					
LOCAL FUNDS	0	0	42.1	44.6	
47.3					
STATE FUNDS	.6	3.4	817.4	866.5	
918.5					

ASSUMPTIONS AND METHODOLOGY:

1) A total of 503,210 indigent persons with incomes under 185% of the federal poverty guidelines will be eligible for coverage.

2.) North Carolina will maximize its use of Medicaid program by extending coverage to those persons who can qualify if eligibility requirements are liberalized (191,221 of 503,210 persons).

3.) Claims experience for Medicaid enrollees will apply to all enrollees. An annual inflation rate of 6% is applied to total cost.

4.) "Spendedown" policies for Medicaid enrollees will not apply to non-Medicaid enrollees. In other words, if the income of a non-Medicaid applicant is above income limits, the individual can not qualify for enrollment by "spending down", to the established income limits.

5.) To offset the cost of nursing home care, an enrollees income will be applied to the cost of care (current Medicaid policy);

6.) Administrative costs for non-Medicaid enrollees are estimated to be 5% of non-Medicaid program costs. Administrative costs for Medicaid population based on program experience in claims processing, utilization management and program administration.

7.) Counties will pay for eligibility determination for additional Medicaid eligibles only (current Medicaid policy). The cost of eligibility determination and enrollment for non-Medicaid eligibles is included in state administrative cost estimates.

SOURCES OF DATA: Department of Human Resources Division of Medical Assistance, Duke Health Policy Project.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION

733-4910

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DATE:

[FRD#002]



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