

FISCAL NOTE
Requested by Legislative Council
01/19/2021

Bill/Resolution No.: SB 2222

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$264,867,053	\$(189,625,747)	\$353,467,998	\$406,561,198
Appropriations			\$264,867,053	\$(189,625,747)	\$353,467,998	\$406,561,198

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2222 would require the Department to maintain the Medicaid Expansion program if the Affordable Care Act is deemed unconstitutional. The estimated impact of this change would result in an increase of general fund of \$264,867,053 for the 2021-2023 biennium.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The fiscal note estimates the biennial cost of maintaining the Medicaid Expansion program.

Section 2 requires the Department to maintain Medicaid Expansion, even if the Affordable Care Act (ACA) is deemed unconstitutional. The Department would need to apply for approval from the Centers for Medicare and Medicaid Services under an 1115 waiver to continue Medicaid Expansion, as the authority for Medicaid Expansion came via the ACA. The Department would need approval of the 1115 waiver from CMS before this population could be covered. The Department would need four FTEs, required to implement the waiver, and maintain the ongoing monitoring, evaluation, and technical/operational reporting and compliance requirements of a 1115 waiver. The Department expects CMS would offer expedited approval as they would not want a lapse in coverage.

Section 5 of SB 2222 states that the Act becomes effective when the Affordable Care Act (ACA) would be deemed unconstitutional. Based on this information and the statements in Section 2 of this bill, the Department would no longer qualify for the enhanced federal financial participation rate of ninety percent federal funds and ten percent general funds as the enhanced funding is tied to ACA. By requiring the department to continue the Medicaid Expansion program, a funding shift would occur between general fund and federal funds.

To operate the Medicaid Expansion program, the Department would need four FTEs to administer the 1115 waiver. Estimated costs for the four FTEs would be \$777,818. Operating costs to maintain the four FTEs is estimated to be \$27,817. These costs would be federally matched at the administrative match of 50/50 (Federal /General).

The Department would need Actuarial Services to estimate costs related to the 1115 Waiver. Estimated costs of the Actuarial Services is \$500,000. The Department would need a contract for an outside provider to do an evaluation of the 1115 waiver. Estimated costs of the contractor would be \$250,000. These costs would be federally matched at

the administrative match of 50/50 (Federal/General).

HB 1012 has appropriation authority of \$634,720,955, of which \$65,319,974 is general fund in the grant's medical assistance line for the Medicaid Expansion program. To continue the Medicaid Expansion program in the 2021-2023 biennium with a private insurance carrier, there would be an additional cost to the Department of \$73,682,000. Due to the change in federal financial participation the increase in general fund is \$264,087,400 while there is a decrease in federal funds of (\$190,405,400).

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

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C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

For the 2021-2023 biennium, the Department of Human Services would need an appropriation increase in the Salaries and Benefits line of \$781,488, of which \$390,744 is general fund, to maintain the four FTE needed to administer the 1115 Waiver, an appropriation increase in the Operating line of \$777,818, of which \$388,909 is general fund, and an appropriation increase in the Medical Grants line of \$73,682,000, of which \$264,087,400 is an increase in general fund, and (\$190,405,400) is a decrease in federal funds, to HB1012.

For the 2023-2025 biennium, the Department of Human Services would need appropriation in the Salaries and

Benefits line of \$781,488, of which \$390,744 is general fund, operating appropriation of \$773,416 of which \$386,708 is general fund, and appropriation in the Medical Grants line of \$758,474,292 of which \$352,690,546 is general fund.

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