

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7204

BILL NUMBER: HB 1643

NOTE PREPARED: Apr 4, 2003

BILL AMENDED: Apr 3, 2003

SUBJECT: Health Care for the Uninsured.

FIRST AUTHOR: Rep. Hasler

FIRST SPONSOR: Sen. Dillon

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill requires the Office of the Secretary of Family and Social Services to cooperate and assist a nonprofit organization that has the purpose of providing health care to uninsured residents by: (1) determining eligibility for the program; (2) issuing plan cards to eligible individuals; (3) setting a registration fee; and (4) operating a toll-free telephone number for participants in the program to receive referrals.

Effective Date: July 1, 2003.

Summary of Net State Impact: (Revised) This bill requires that Family and Social Services Administration (FSSA) and the not-for-profit corporation established to coordinate the program implement the program in a manner that would not result in the expenditure of state General Funds. The bill provides FSSA with the authority to establish an administrative fee sufficient to cover the costs of issuing eligibility cards and potential toll-free telephone number costs.

Explanation of State Expenditures: (Revised) This bill requires FSSA to assist and collaborate with a not-for-profit corporation with the purpose of assisting uninsured residents with access to health care services. The bill allows the establishment of a program patterned after Health Kentucky, a private nonprofit, charitable corporation that arranges and promotes access to health care for poor and uninsured Kentuckians. Health Kentucky coordinates a network of volunteer provider referral programs. Volunteer health care providers and eight pharmaceutical companies provide health care and medications to eligible patients. Eligibility is determined on an annual basis by county eligibility coordinators, and the state staffs a toll-free referral hot line. FSSA has estimated that the potential population to be served in Indiana could be as large as 150,000 individuals, although the well-established Kentucky program serves approximately 30,000 individuals annually. The number of individuals eligible to be served in Indiana would probably be less than the numbers experienced in Kentucky until the program is fully established and implemented.

Background Information: The bill requires FSSA to determine program eligibility and issue plan cards. Indiana Medicaid eligibility caseworker expenses are a Medicaid reimbursable administrative expense. Staff time spent on duties unrelated to Medicaid eligibility reduce the amount of personal services expenses reimbursed by the federal government, potentially increasing costs for the state General Fund. The amount of this transferred cost would depend upon the amount of time spent on determining eligibility for unrelated programs or providing referrals to persons determined not to be Medicaid eligible. There are no data available to indicate how much caseworker time this program may require. FSSA has initially estimated that \$500,000 in state funds would be necessary to determine eligibility. It is not clear what expenses are included in this estimate, although an additional \$110,000 is estimated to be the cost of plan cards that the agency would issue to approximately 150,000 individuals eligible for Health Indiana.

The bill also requires FSSA to operate a toll-free telephone referral number that responds to requests for provider referrals for participants in Health Indiana. FSSA investigated the cost of expanding an existing call center to handle additional volume related to a potential group of 150,000 eligibles; the estimated increased cost was \$652,000. It is not known what the increased cost would be for a much smaller group of eligibles.

FSSA estimates are based upon an estimate of the number of all potentially eligible individuals. It would be unlikely that a new not-for-profit corporation would be capable of implementing a statewide program immediately without substantial financial backing. Of the expenditures required of the state, the purchase of the card stock and the toll-free referral telephone line would be most likely to require funds be provided in advance of recipient enrollment. However, the cash flow issues could be addressed through a phased implementation. Additionally, no expenditures would be required until a not-for-profit corporation has been formed and has established a referral network. It is not known what initial level of funding would be available to the not-for-profit corporation or the level of funding necessary to provide for program eligibility cards and referral phone line expenditures that would be required from the registration fee. Caseworker expense would be incurred on a reported time used basis for federal cost reporting purposes and could be reimbursed after registration fees are collected.

Ultimately, the cost of the program would be dependent upon further legislative and administrative actions, as well as the establishment of the not-for-profit corporation.

Explanation of State Revenues: (Revised) The bill provides for a registration fee for the issuance of a program eligibility card. The bill allows FSSA to determine the amount of the fee at a level to provide sufficient funds to cover the identified administrative expenses of the Family and Social Services Administration.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Division of Family and Children.

Local Agencies Affected:

Information Sources: Amy Kruzan, Legislative Liaison for the Family and Social Services Administration, (317) 232-1149; www.healthkentucky.org; <http://www.in.gov/fssa/servicedisabl/medicaid/2000report.pdf>

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