

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4398-01  
Bill No.: SB 1111  
Subject: Children and Minors: Department of Social Services  
Type: #Corrected  
Date: March 6, 2002  
#Estimated Net Effect on State Funds

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$12,204,017)	(\$12,753,198)	(\$13,327,092)
Federal Reimbursement Allowance and Intergovernmental Transfers	(\$8,673,500)	(\$9,063,808)	(\$9,471,679)
Health Initiatives	(\$4,598,000)	(\$4,804,910)	(\$5,021,131)
Pharmacy Rebates	(\$789,580)	(\$825,111)	(\$862,241)
Premium	(\$1,045,000)	(\$1,092,025)	(\$1,141,166)
Intergovernmental Transfers	(\$1,405,257)	(\$1,468,494)	(\$1,534,576)
<b>#Total Estimated Net Effect on All State Funds</b>	<b>(\$28,715,354)</b>	<b>(\$30,007,546)</b>	<b>(\$31,357,885)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Federal	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Income and Costs of over \$80,000,000 per year net to \$0.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials of the **Department of Social Services - Division of Medical Services** stated that the proposal would have no fiscal impact because it extends statutory authority for an existing program.

Officials of the **Department of Health and Senior Services** stated that the proposal would not affect their agency. They noted that if the proposal or a similar proposal is not enacted, the Department would incur costs of about \$2,000,000 per year to cover children who would qualify for the Children with Special Health Care Needs Program if they were not already covered by the Children's Health Insurance Program (CHIP).

**Oversight** notes that the FY 2002 appropriation for the CHIP includes \$13,678,485 from General Revenue, \$76,227,521 from Federal Funds, \$8,300,000 from the Federal Reimbursement Allowance Fund and Intergovernmental Transfers, \$4,400,000 from the Health Initiatives Fund, \$755,579 from the Pharmacy Rebates Fund, \$1,000,000 from the Premium Fund, and \$1,344,744 from the Intergovernmental Transfer Fund. Oversight assumes costs would increase 4.5% per year.

FISCAL IMPACT - State Government                      FY 2003                      FY 2004                      FY 2005

**GENERAL REVENUE FUND**

Cost Avoidance - Department of Health  
 and Senior Services (DOH)

Children with Special Health Care Needs Program	\$2,090,000	\$2,184,050	\$2,282,332
--	-------------	-------------	-------------

Cost - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	(\$14,294,017)	(\$14,937,248)	(\$15,609,424)
---	----------------	----------------	----------------

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$12,204,017)</u></b>	<b><u>(\$12,753,198)</u></b>	<b><u>(\$13,327,092)</u></b>
---	------------------------------	------------------------------	------------------------------

**FEDERAL REIMBURSEMENT  
 ALLOWANCE AND  
 INTERGOVERNMENTAL  
 TRANSFERS**

Cost - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	(\$8,673,500)	(\$9,063,808)	(\$9,471,679)
---	---------------	---------------	---------------

<b>ESTIMATED NET EFFECT ON FEDERAL REIMBURSEMENT ALLOWANCE AND INTERGOVERNMENTAL TRANSFERS</b>	<b><u>(\$8,673,500)</u></b>	<b><u>(\$9,063,808)</u></b>	<b><u>(\$9,471,679)</u></b>
--	-----------------------------	-----------------------------	-----------------------------

**HEALTH INITIATIVES FUND**

Cost - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	(\$4,598,000)	(\$4,804,910)	(\$5,021,131)
---	---------------	---------------	---------------

<b>ESTIMATED NET EFFECT ON HEALTH INITIATIVES FUND</b>	<b><u>(\$4,598,000)</u></b>	<b><u>(\$4,804,910)</u></b>	<b><u>(\$5,021,131)</u></b>
--	-----------------------------	-----------------------------	-----------------------------

**PHARMACY REBATES FUND**

Cost - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	(\$789,580)	(\$825,111)	(\$862,241)
---	-------------	-------------	-------------

<b>ESTIMATED NET EFFECT ON PHARMACY REBATES FUND</b>	<b><u>(\$789,580)</u></b>	<b><u>(\$825,111)</u></b>	<b><u>(\$862,241)</u></b>
--	---------------------------	---------------------------	---------------------------

**PREMIUM FUND**

Cost - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	(\$1,045,000)	(\$1,092,025)	(\$1,141,166)
---	---------------	---------------	---------------

<b>ESTIMATED NET EFFECT ON PREMIUM FUND</b>	<b><u>(\$1,045,000)</u></b>	<b><u>(\$1,092,025)</u></b>	<b><u>(\$1,141,166)</u></b>
---	-----------------------------	-----------------------------	-----------------------------

**INTERGOVERNMENTAL  
TRANSFER FUND**

Cost - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	(\$1,405,257)	(\$1,468,494)	(\$1,534,576)
---	---------------	---------------	---------------

<b>ESTIMATED NET EFFECT ON INTERGOVERNMENTAL TRANSFER FUND</b>	<b><u>(\$1,405,257)</u></b>	<b><u>(\$1,468,494)</u></b>	<b><u>(\$1,534,576)</u></b>
--	-----------------------------	-----------------------------	-----------------------------

**FEDERAL FUNDS**

Savings - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	\$79,657,759	\$83,424,359	\$86,988,265
---	--------------	--------------	--------------

Loss - Department of Social Services  
 (DOS)

Children's Health Insurance Program (CHIP)	(\$79,657,759)	(\$83,424,359)	(\$86,988,265)
---	----------------	----------------	----------------

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
--	-------------------	-------------------	-------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
<b>LOCAL HEALTH AGENCIES</b>			
<u>Income</u> - State Funds	\$0 to \$7,315,000	\$0 to \$7,644,175	\$0 to \$7,988,163
<u>Costs</u> - Direct Medical Services	(\$0 to \$7,315,000)	(\$0 to \$7,644,175)	(\$0 to \$7,988,163)
<b>ESTIMATED NET EFFECT ON LOCAL HEALTH AGENCIES</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

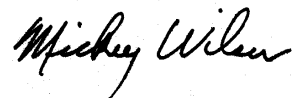
This would extend the sunset date for the Children's Health Insurance Program from July 1, 2002, to July 1, 2007.

The proposal contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This legislation would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Health and Senior Services  
Department of Social Services



Mickey Wilson, CPA  
Acting Director  
March 6, 2002