

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING EXTENDING MEDICAID ELIGIBILITY FOR PERSONS WHO ARE IN THE FOSTER CARE SYSTEM IMMEDIATELY PRIOR TO EMANCIPATION.

Prime Sponsors: Senator Sandoval
Representative Stafford

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Summary of Amendments Made to the Bill After the 01/08/07 Legislative Council Staff Fiscal Note was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Amendments/Appropriation Status

Senate Bill 07-002 does not currently contain an appropriation clause. Staff has drafted amendment **J.001** (attached) to provide the following appropriations for *FY 2006-07* and *FY 2007-08*:

Table 1: Appropriation Clause in Amendment J.001		
	FY 2006-07	FY 2007-08
Department of Health Care Policy and Financing	\$34,650	\$8,281,730
<u>Department of Human Services</u>	<u>8,550</u>	<u>0</u>
Total	\$43,200	\$8,281,730
General Fund	\$12,938	\$4,140,865
Federal Funds	\$30,262	\$4,140,865

Sponsor Amendments

Amendment **L.001** (attached) provides that the Health Care Expansion Fund can be used to provide Medicaid eligibility for persons who are in the foster care system immediately prior to emancipation.

The Health Care Expansion Fund receives funding from the increase in tobacco taxes that was approved by the voters in November 2004 as Amendment 35. The Health Care Expansion Fund receives 19 percent of the additional tobacco tax revenues that are collected pursuant to Amendment 35. The State Constitution limits that these moneys can only be used to expand eligibility for children and adults into the Children's Basic Health Plan or Medicaid programs.

This amendment would eliminate the need for the General Fund appropriations in both FY 2006-07 and FY 2007-08 by funding the state match from the Health Care Expansion Fund instead of the General Fund. Staff has drafted amendment **J.002** (attached) to make this change to funding source. **If L.001 is adopted, then J.002 should be adopted and J.001 should not be adopted.** Amendment J.002 contains the same appropriations as shown in Table 1 on the previous page except that the Health Care Expansion Fund replaces the General Fund appropriations.

Points to Consider

1. The Joint Budget Committee has not yet completed their work on supplemental bills for FY 2006-07. The Joint Budget Committee *may* introduced a budget package for FY 2006-07 which appropriates all of the General Fund allowed pursuant to the statutory six percent limit. As currently drafted, this bill would require \$21,600 in additional General Fund appropriations for FY 2006-07. Therefore, if this bill is enacted, other FY 2006-07 General Fund appropriations *may* need to be reduced by \$21,600 in order to comply with this statutory limitation on General Fund appropriations. *This issue is resolved if Amendment L.001 is adopted as this amendment will use the Health Care Expansion Fund instead of the General Fund for the state match for this program.*
2. The general appropriations bill for FY 2007-08 has not yet been introduced. This bill would appropriate \$4,140,865 General Fund for FY 2007-08; this appropriation is subject to the six percent statutory limitation on General Fund appropriations. If this bill is enacted, other General Fund appropriations may only increase by six percent, less \$4,140,865 in order to comply with this statutory limitation of General Fund appropriations. *This issue is resolved if Amendment L.001 is adopted as this amendment will use the Health Care Expansion Fund instead of the General Fund for the state match for this program.*
3. When this program is fully annualized in FY 2008-09 this program will cost \$11.7 million total funds. Of this amount, \$5.9 million will need to come from a state source.
4. The tobacco taxes collected pursuant to Amendment 35 are anticipated to decrease over time. Currently, staff estimates that the Health Care Expansion Fund should have sufficient revenues and fund balance to fund programs already authorized by statute as well as this bill. However,

beginning in FY 2008-09, revenues into this fund are anticipated to be lower than anticipated expenditures. Specifically, under current law, the balance in the Health Care Expansion Fund is anticipated to begin declining in FY 2008-09. Senate Bill 07-002 would deplete this fund more rapidly. However, staff still anticipates that the Health Care Expansion Fund will have sufficient revenues and fund balance for at least the next five years before another source of revenue would be needed to support the current statutory programs and this bill.