

BILL # HB 2315

TITLE: AHCCCS; eligibility; redetermination

SPONSOR: McClure

STATUS: As Introduced

REQUESTED BY: House

PREPARED BY: Timothy Sweeney

FISCAL ANALYSIS

Description

This bill will increase the AHCCCS eligibility redetermination period from 6 months to 12 months.

Estimated Impact

The FY 2004 AHCCCS General Fund budget was reduced by \$7,800,000 to reflect shortening the redetermination period from 12 months to 6 months. By restoring the redetermination period to 12 months, this legislation is projected to have a General Fund cost of at least \$7,800,000 in FY 2005.

	FISCAL YEAR		
	2004	2005	2006
General Fund	\$-0-	\$7,800,000	\$7,800,000
Other Appropriated Funds	<u>-0-</u>	<u>23,822,200</u>	<u>23,822,200</u>
Total	\$-0-	\$31,622,200	\$31,622,200

AHCCCS does not have a cost estimate for this proposal.

Analysis

Prior to 2001, AHCCCS members' continued eligibility was redetermined every 6 months. The redetermination period was extended to 12 months in FY 2002. The FY 2004 Health ORB restored the 6 months redetermination period and a corresponding General Fund reduction of \$7,800,000 was taken in the FY 2004 appropriation for AHCCCS. The reduction represented approximately 1% of the state portion of both the Traditional Medicaid and the Proposition 204 Expansion populations. This 1% estimate was based on information from other states that were examining similar strategies, and reflected a low-end estimate based on the information we received.

The savings amount taken in the AHCCCS budget in FY 2004 reflects the assumption that as AHCCCS eligibility is redetermined, AHCCCS members who are no longer Title XIX eligible will not remain on the AHCCCS program. If this redetermination process is performed every 6 months, as opposed to every 12 months, ineligible AHCCCS members will potentially be removed from the program sooner. As ineligible members are removed more often, total AHCCCS enrollment growth should decline, resulting in fewer costs for the program. In addition to declining enrollment growth, shortening the redetermination period could lead to increases in capitation rates. If healthy people choose not to fill out the necessary forms for reenrollment, and only the sicker members complete the required reenrollment, the remaining members may be of higher acuity (and therefore higher cost) than the members leaving the program. This may lead to higher average costs per person, however, as members leave AHCCCS, the total costs to the program will still decline. Therefore, the cost savings resulting from the declining enrollment growth should offset any potential costs due to the higher capitation rates.

Local Government Impact

No estimated impact.