

BILL # SB 1361

TITLE: AHCCCS; eligibility

SPONSOR: Leff

STATUS: As Introduced

PREPARED BY: Russell Frandsen

FISCAL ANALYSIS

Description

This bill raises the income eligibility limit from 133% to 185% of the Federal Poverty Level (FPL) for pregnant women in the Arizona Health Care Cost Containment System (AHCCCS). This eligibility group is commonly referred to as the SOBRA (Sixth Omnibus Budget Reconciliation Act) population.

Estimated Impact

The bill is estimated to have an annual General Fund cost of \$4.4 million to \$5.8 million. The total cost, including federal matching funds, would be \$13.2 million to \$17.6 million. The actual cost will depend on a number of factors, including the participation rate. For purposes of this analysis, the participation rate is estimated to be 60% to 80%. The estimated costs presume that federal funding will begin upon the effective date, which AHCCCS is currently attempting to confirm. The first year cost of the proposal may be less than the annual estimate, depending on the effective date of the legislation.

AHCCCS estimates the General Fund cost of the bill to be \$1.5 million to \$5.9 million based on a participation rate of 20% to 80%.

Analysis

Currently, pregnant women with incomes up to 133% FPL are eligible for general health and pregnancy-related services through AHCCCS and its SOBRA Program. Services include general health care, prenatal care, the cost of delivery, and following delivery, 24 months of family planning services. The Federal Emergency Services (FES) population is only eligible for the cost of the delivery, and not for prenatal or family planning care and receives the same federal match as the SOBRA population. As of January 2007, AHCCCS reports that there are 11,826 women enrolled in the SOBRA program and an additional 8,342 women in FES. By increasing the income levels for SOBRA women, income levels are also increased for the FES population.

Increasing the income levels for this population to 185% FPL will increase the number of women eligible for services under the SOBRA Program. The degree to which costs increase depends on the number of eligible women that utilize services. The participation rate of women that are currently eligible, including FES, is 67%. This 67% current participation rate was used as the basis for the estimated participation range of 60% to 80%.

The number of uninsured women between 14 and 44 years of age is approximately 35,350. This estimate is based upon U.S. Census Current Population Survey (CPS) data from 2003 to 2006. In any one year, the Department of Health Services (DHS) estimates the percentage of women giving birth is 7.61%. This 7.61% rate results in an eligible pregnant population of approximately 2,690 women.

Applying the 60% to 80% participation rate to the 2,690 eligible population results in 1,614 to 2,152 new women enrolled in the SOBRA Program. The \$4.4 million to \$5.8 million General Fund cost estimates comes from the estimates of new services used by the 1,614 to 2,152 participants. *Table 1* provides additional detail regarding the cost estimate.

AHCCCS provided an estimate based on a participation range of 20% to 80%. Because actual participation rates of currently eligible women are towards the upper end of this range, the JLBC estimate assumes a greater utilization of services, and therefore, a larger General Fund cost.

Table 1		
SOBRA Income Level to 185% FPL - General Fund Cost		
	<u>At 60% Participation Rate</u>	<u>At 80% Participation Rate</u>
Number of enrolled	1,614	2,152
Delivery	\$3,638,200	\$4,851,000
Prenatal Services	706,200	941,600
Family Planning	<u>35,700</u>	<u>47,500</u>
Total GF Cost	\$4,380,100	\$5,840,100
Assumes Delivery Cost of \$6,683 (With standard Federal Match)		
Assumes Prenatal PM/PM Cost of \$216.19 for an average of 6 months (With standard Federal Match)		
Assumes Planning PM/PM Cost of \$18.41 for an average of 12 months (With 90% Federal Match)		

Local Impact

Insofar as the medical bills associated with this newly eligible population were previously uncompensated care for hospitals, this proposal would reduce those costs and increase revenue to hospitals.