



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0881.01: Revise medicaid buy-in program to include children with disabilities**

Primary Sponsor: Mary Caferro

Status: As Introduced

☐ Included in the Executive Budget

☒ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☒ Technical Concerns

☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$1,494,281	\$1,536,194	\$1,586,239	\$1,640,225
Federal Special Revenue (03)	\$2,455,808	\$2,450,813	\$2,530,655	\$2,616,781
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$2,455,808	\$2,450,813	\$2,530,655	\$2,616,782
<b>Net Impact</b>	<u>(\$1,494,281)</u>	<u>(\$1,536,194)</u>	<u>(\$1,586,239)</u>	<u>(\$1,640,225)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 881 revises the Department of Public Health and Human Service's Medicaid buy-in program to include children with disabilities with household incomes up to 300% of the federal poverty level. A portion of the expenditures will be offset by revenues through assessment of premiums paid for the Medicaid coverage.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Public Health and Human Services (department) Health Resources Division

1. The department assumes an additional 218 children with disabilities would be covered by Medicaid in FY26 as a result of HB 881. The total eligible was calculated using a combination of census data from census.gov, Montana federal poverty level statistics from kff.org and current Montana Medicaid eligibility. The department assumed 20% of the eligible population will participate in the program.
2. For purposes of the fiscal note, a 1.0% caseload growth increase was applied to the eligible population for FY 2027 through FY 2029.
3. The per member per month (PMPM) costs for the additional population were calculated using the PMPM costs for the current Medicaid children with disabilities population.
4. For purposes of the fiscal note, a 1.5% inflationary increase was applied to the PMPM costs for FY 2027 through FY 2029.
5. The department assumes the standard Medicaid benefit costs will be eligible for the standard Federal Medical Assistance Percentage (FMAP) which would be 38.39% general fund, 61.61% federal funds in FY 2026 and 38.53% general fund, 61.47% federal funds in FY 2027 through FY 2029.

6. The bill will not impact other Medicaid populations.
7. The benefit cost calculations for assumptions #1- #7 are shown below.
8. Section 3 (7) (a) and (b) states that a parent of an eligible disabled child shall pay premiums and that the amount of the premiums shall not exceed 5% of families for income at or below 200% or 7.5% for families with income above 200% of FPL. The department assumes the families would pay the maximum amount allowed monthly. The department would collect the premiums and use these to offset benefit expenditures. Below is the estimated amount that would be collected each year.

	<b>2026 Eligible Children</b>	<b>2027 Eligible Children</b>	<b>2028 Eligible Children</b>	<b>2029 Eligible Children</b>
FPL Between 143-200	61	62	63	64
FPL Between 201-300	157	159	160	162
<b>Total</b>	<b>218</b>	<b>220</b>	<b>223</b>	<b>226</b>

<b>Premium Percentage of FPL</b>	<b>Average Income/month</b>	<b>Annual Premium - 2026</b>	<b>Annual Premium - 2027</b>	<b>Annual Premium - 2028</b>	<b>Annual Premium - 2029</b>
5% for FPL Between 143-200%	\$4,754	\$173,996	\$175,736	\$180,346	\$182,150
7.5% for FPL Between 201-300%	\$6,984	\$986,839	\$996,708	\$1,006,675	\$1,016,741
<b>Total</b>	<b>\$11,738</b>	<b>\$1,160,836</b>	<b>\$1,172,444</b>	<b>\$1,187,021</b>	<b>\$1,198,891</b>

The table below shows calculations of the fiscal impact for assumptions #1- #8 :

	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
<b>STANDARD MEDICAID</b>				
Total MT Disabled Children Eligible for Medicaid Buy-In	218	220	223	226
Total Medicaid Benefit Cost PMPM for Disabled Children	1,923.88	1,952.74	1,982.03	2,011.76
<b>Benefit Costs</b>	<b>5,032,875</b>	<b>5,159,451</b>	<b>5,303,915</b>	<b>5,455,897</b>
<b>Premiums Collected</b>	<b>1,160,836.00</b>	<b>1,172,444.00</b>	<b>1,187,021.00</b>	<b>1,198,891.00</b>
<b>Net Impact</b>	<b>3,872,039</b>	<b>3,987,007</b>	<b>4,116,894</b>	<b>4,257,006</b>
<b>FMAPS</b>				
<b>STANDARD MEDICAID</b>				
State Share	38.39%	38.53%	38.53%	38.53%
Federal Share	61.61%	61.47%	61.47%	61.47%
<b>STANDARD MEDICAID</b>				
State Share	1,486,476	1,536,194	1,586,239	1,640,225
Federal Share	2,385,563	2,450,813	2,530,655	2,616,782
<b>TOTAL IMPACT</b>	<b>3,872,039</b>	<b>3,987,007</b>	<b>4,116,894</b>	<b>4,257,006</b>

### Operating Costs

9. A one time change would need to be made to the Combined Healthcare Information and Montana Eligibility System (CHIMES) eligibility system. It is estimated to cost \$63,750 (510 hours X \$125/hour). This would be paid for with 10% general fund and 90% federal funds.
10. Changes to the Medicaid Management Information System (MMIS) ancillary system including data and reporting changes are a one-time cost estimated at \$14,300 (130 hours X \$110/hour). This would be paid for with 10% general fund and 90% federal funds.

## Fiscal Analysis Table

## Department of Public Health and Human Services

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$78,050	\$0	\$0	\$0
Benefits	\$3,872,039	\$3,987,007	\$4,116,894	\$4,257,006
<b>TOTAL Expenditures</b>	<b>\$3,950,089</b>	<b>\$3,987,007</b>	<b>\$4,116,894</b>	<b>\$4,257,006</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$1,494,281	\$1,536,194	\$1,586,239	\$1,640,225
Federal Special Revenue (03)	\$2,455,808	\$2,450,813	\$2,530,655	\$2,616,781
<b>TOTAL Funding of Expenditures</b>	<b>\$3,950,089</b>	<b>\$3,987,007</b>	<b>\$4,116,894</b>	<b>\$4,257,006</b>
<b><u>Revenues</u></b>				
Federal Special Revenue (03)	\$2,455,808	\$2,450,813	\$2,530,655	\$2,616,782
<b>TOTAL Revenues</b>	<b>\$2,455,808</b>	<b>\$2,450,813</b>	<b>\$2,530,655</b>	<b>\$2,616,782</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$1,494,281)	(\$1,536,194)	(\$1,586,239)	(\$1,640,225)
Federal Special Revenue (03)	\$0	\$0	\$0	\$1

**Technical Concerns****Department of Public Health and Human Services**

1. The department will be required to submit a state plan amendment to the Centers for Medicare & Medicaid Services (CMS) to change the current buy-in program to include children with disabilities between 143% and 300% of the FPL. Since this coverage would fall under the Medicaid state plan, there would be no spending cap or waiting list, any eligible individual who paid the premium would be enrolled in Medicaid.
2. As the bill is currently written, it is unclear if, how, and when the 5% or 7.5% premium will be payable to the department. For purposes of this fiscal note, the estimated premium amount is used to offset the total benefit costs of the program. If the premium payment is to be received as revenue and used as eligible matching funds, there would be additional changes and impacts to this fiscal note.

Sponsor's Initials

Date

Budget Director's Initials

Date