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The Big Sky Country

MONTANA HOUSE OF REPRESENTATIVES

SPONSOR'S REBUTTAL TO FISCAL NOTE

House Bill Number: 185

Date Requested: 1/21/25

(4 day turnaround per Joint Rule 40-110)

Fiscal Note version: Original _____ Revised _____

Short Title: PROVIDE FOR CONTINUOUS health care eligibility for children < 6

Sponsor: STRAFMAN

Generally, why do you disagree with the fiscal note?

See attached

Specifically, what in the fiscal note do you feel is flawed?

See attached

What is your estimate of the fiscal impact?

See attached

Sponsor Signature: _____

RESPONSE TO FISCAL NOTE ON HB 185

I. Administrative savings

1. The Department says in paragraph 1 that this bill will save it approximately 2,350 hours of work/year. We agree. But, it continues, since it will use those hours elsewhere, it would not save it money!!! Obviously, if it uses those hours elsewhere performing needed services, it is saving what it would otherwise have to pay for those services. Though the Department does not provide an hourly rate for this work, if we use the hourly rate it proposes to pay in paragraph 2 of \$125 per hour, that is **an annual cost savings of \$293,750.**

2. The State's share of this one time cost is only \$22,500.

3-5. The department says that, based upon past experience, it will need about \$19,000 (State's half of \$38,000) to prepare the waiver application. That may not account for the fact that 14 states have already prepared such waiver applications and, though there are surely some differences in Montana, they may save time by using those models. In any event, this is a one time expense

Conclusion: While there is a one time cost of about \$40,000, there are annual net administrative savings approaching \$300,000.

II. Program costs

7. Medicaid: The Department expects an annual increase of approximately 25.84%, or 5,176 additional children covered each month (or 62,113 member months), by virtue of this bill. That means roughly **one of five children who are eligible are currently not receiving Medicaid coverage due to the lack of continuous eligibility.** This proves how critical this bill is for Medicaid eligible kids.

10. CHIP: The Department projects an annual increase of 23.57%, or 934 additional children covered each month (or 11,204 member months). **That means roughly one of five children who are eligible are not receiving CHIP coverage due to the lack of continuous eligibility,** This proves how critical this bill is for CHIP eligible kids.

12. Tribal kids (Indian Health Services): An additional 15,909 tribal kids would be covered for 77,478 member months (see fiscal note chart, p.3) but for the lack of continuing eligibility. This cost of \$2.7M is 100% subject to federal reimbursement.

Summary of impact of this bill

Total additional kids covered	Total Months of additional coverage	
Medicaid	5,175	62,113
CHIPS	934	11,204
Tribal kids	15,909	77,478
Total	22,018 children	150,795 months of coverage

General comment #1: The total cost to the State is estimated to be \$5,906,918 annually. It fails to account for the administrative savings, but even at face value, that's \$268.28 per child, or about \$39.17 per month of child coverage.

General comment #2: Critically, these costs do not account for the many savings in emergency room visits, better health outcomes, or school readiness, all because of continuous eligibility, to which numerous experts testified and studies demonstrate, which, in other states, have been shown to more than offset the costs.

General comment #3: This fiscal note does not account for the amendment to the bill which reduces continuous eligibility to 3 years and would presumably result in a small number of children who might otherwise be eligible under the original 5 year proposal.