

# Individual State Agency Fiscal Note

Revised

<b>Bill Number:</b> 2777 HB	<b>Title:</b> Long-term care coverage	<b>Agency:</b> 300-Dept of Social and Health Services
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

NONE

### Estimated Expenditures from:

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years	0.0	0.3	0.2	0.0	0.0
<b>Account</b>					
General Fund-State 001-1	0	500,000	500,000	0	0
<b>Total \$</b>	0	500,000	500,000	0	0

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

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Request # 14HB2777-2

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

New Section 2(1). The department shall contract for a study and actuarial modeling of public and private options for leveraging private resources to help individuals prepare for long-term services and support needs. The study shall model at least three options: (1) a public long-term care insurance benefit; (2) a set of regulatory changes encouraging development of new insurance products that combine features of life insurance, long-term care insurance, annuities, and Medicaid life insurance settlements; and, (3) public-private options to facilitate a new marketplace for private long-term care insurance policies that provide a time limited benefit, an age defined individual mandate for purchasing policies, and subsidies for lower income individuals to ensure affordability.

New Section 2(2). The Joint Legislative Executive Committee on Aging and Disability shall provide oversight and direction for this analysis and will convene interested stakeholders to provide input on the study design. The department shall provide a report to the legislature by January 15, 2015.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

\*This fiscal note corrects an error in the previous version regarding federal match. The expenditures would be GF-S only. The state is unable to claim federal Medicaid match because the study and actuarial modeling will be focused on private industry insurance products and the marketplace rather than Medicaid client services or systems.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

\*This fiscal note corrects an error in the previous version regarding federal match. The expenditures would be GF-S only. The state is unable to claim federal Medicaid match because the study and actuarial modeling will be focused on private industry insurance products and the marketplace rather than Medicaid client services or systems.

New Section 2. This bill requires the department to contract for a study and actuarial modeling of public and private options for leveraging private resources to help individuals prepare for long-term services and support needs. In addition, the department shall provide a report to the legislature by January 15, 2015.

The fiscal impact of this legislation is \$500,000 GF-State in fiscal year 2015. It is assumed that the cost for an independent contractor to perform this study would be \$460,000 GF-State. In addition, the department would need 0.5 FTE and \$40,000 GF-State to manage the contract and draft the report. It is assumed that this position would last for seven months.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2014	FY 2015	2013-15	2015-17	2017-19
FTE Staff Years		0.3	0.2		
A-Salaries and Wages		22,000	22,000		
B-Employee Benefits		10,000	10,000		
C-Professional Service Contracts		460,000	460,000		
E-Goods and Other Services		4,000	4,000		
G-Travel					
J-Capital Outlays		3,000	3,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements		1,000	1,000		
9-					
<b>Total:</b>	\$0	\$500,000	\$500,000	\$0	\$0

### III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2014	FY 2015	2013-15	2015-17	2017-19
WMS Band 2	76,800		0.3	0.2		
<b>Total FTE's</b>	76,800		0.3	0.2		0.0

## Part IV: Capital Budget Impact

NONE

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*