Healthy Families Program
Impact of $90 Million General Fund Shortfall

Based on the General Fund appropriation passed by the Conference Committee, MRMIB staff project an $89.7 million General Fund shortfall (See **Chart 1**). This funding level is sufficient to fund 8,689,068 enrollment months. Based upon current caseload trends, MRMIB staff project total enrollment months of 11,045,983 in 2009-10. This would mean that there is no funding for 2,356,915 enrollment months.

Freezing Enrollment
Based upon current enrollment trends, MRMIB would have to freeze enrollment for 13 months to reduce costs by $89.7 million General Fund.

Freezing enrollment for 13 months = $93.9 million GF savings (see **Chart 2**).
Freezing enrollment for 12 months = $80.5 million GF savings (see Chart 3).
Freezing enrollment for 11 months = $68.1 million GF savings (see **Chart 4**).

Unless additional funding is received, MRMIB will likely need to disenroll children at AER at some point during the fiscal year.

Disenrollment Trends and Disenrolling at Annual Eligibility Review (AER)
Please note that Charts 2, 3, and 4 reflect savings associated with freezing enrollment only. Savings associated with disenrollments ($72,915,844 General Fund) are already taken into consideration in this estimate (see **Chart 5** for estimate detail). However, it is quite possible that closing to new enrollment could motivate families to retain coverage at higher rate. The higher the rate of retention, the greater the shortfall amount and the sooner disenrollments will have to occur. The sooner the disenrollments occur, the greater the number of subscribers impacted.

We have estimated three scenarios:

Scenario 1 (See **Chart 6** for estimate details)
Disenrollment remains at **current** trend levels. After freezing enrollment July 1, 2009, an additional $9.4 million General Fund is needed. Disenrollment at AER begins **April 1, 2010**.
Impact - 159,831 children disenrolled; **319,662** fewer enrollment months

Scenario 2 (See **Chart 7** for estimate details)
If disenrollments decreased by **8** percent from the current rate (24,283 disenrollments or 2,112 fewer disenrollments than currently occurring each month) the budget hole would increase by $5,833,267 General Fund in 09/10. After freezing enrollment July 1, 2009, an additional $15.3 million General Fund is needed. Disenrollment at AER begins **March 1, 2010**.
Impact - 221,508 children disenrolled; **553,771** fewer enrollment months

Scenario 3 (See **Chart 8** for estimate details)
If disenrollments decreased by **15** percent from the current rate (22,436 disenrollments or 3,959 fewer disenrollments than currently occurring each month) the budget hole would increase by $10,937,376 General Fund in 09/10. After freezing enrollment July 1, 2009, an additional $20.4 million General Fund is needed. Disenrollment at AER begins **February 1, 2010**.
Impact - 288,112 children disenrolled; **864,337** fewer enrollments months

Other Potential Influencing Factors

1. The budget is not passed and the appropriation for HFP is unknown. For purposes of this analysis, staff have assumed the appropriation level passed by the budget Conference Committee.
2. The budget approved by Conference Committee assumes a caseload reduction associated with the premium increase Budget Balancing Reduction (BBR) in fiscal year 2009-10. If this caseload reduction does not occur, there is potential for an additional small shortfall. The shortfall would not affect the date for triggering disenrollment at Annual Eligibility Review (AER).
3. Given the short time allowed to prepare this document, averages were used rather than using a model that includes seasonality as reflected in actual HFP enrollment and disenrollment. Therefore this reflects a **rough** estimate of likely results. To the extent that higher enrollments occur earlier, costs would be higher and savings lower. To the extent that higher disenrollment occurs earlier, costs would be lower and savings higher.

Recommendation

In order to live within the appropriation for fiscal year 2009-10, staff recommends an enrollment freeze effective July 1, 2009. Closing to new enrollment effective July 1, 2009 would impact 349,716 children. Some of these children would be precluded from enrolling in HFP for 12 months, some for 11 months, some for 10 months, etc. Adoption of this proposal would reduce total enrollment months from 11,045,983 to 8,772,829 and reduce year end enrollment projections from 941,786 to 592,070.

Staff will monitor enrollment and expenditures. If additional funding is not secured, disenrollment at AER should be considered as early as the January 2010 board meeting.

Chart 1
Anticipated General Fund Shortfall
2009-10 Healthy Families Program

GF Funding Available

$403.9 million GF	18 Month Budget and November Estimate with the following assumptions: • Eligibility at 250% of FPL • $20 million savings associated with 5% plan rate reductions • November caseload
- 0 -	Issue 501 – Conference Action to reject the proposal to eliminate the HFP
- 4.6 million GF	Issue 504 – Conference Action to eliminate CAA payments or associated caseload
- 70.0 million GF	Issue 511 – Conference Action to reduce funding and TBL encouraging MRMIB to seek other GF and/or private funding sources.

$329.3 million GF funding available for HFP

GF/Private Funding Need

$419.0 million GF Assumptions:

- May Revision caseload costs for eligibility up to 200 % of FPL ($284.1 million GF)
- May Revision caseload costs for eligibility from 200% to 250% FPL ($98.6 million GF)
- May 20th Board Approved Rate Increases ($40.8 million)
- No CAA payments or associated caseload (-$4.6 million GF)

Difference

$419.0 million GF and Private funding needed
-329.3 million GF appropriation
$ 89.7 million shortfall

$419.0 million GF and Private funding needed
-403.9 million GF appropriation (18 Month Budget signed in Feb '09)
$ 15.1 million shortfall

Chart 2

Freezing Enrollment for 13 Months

MONTH	Average Monthly New Enrollment	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Total Enrollment Months
Jun-09	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	378,859
Jul-09	29,143		29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	349,716
Aug-09	29,143			29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	320,573
Sep-09	29,143				29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	291,430
Oct-09	29,143					29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	262,287
Nov-09	29,143						29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	233,144
Dec-09	29,143							29,143	29,143	29,143	29,143	29,143	29,143	29,143	204,001
Jan-10	29,143								29,143	29,143	29,143	29,143	29,143	29,143	174,858
Feb-10	29,143									29,143	29,143	29,143	29,143	29,143	145,715
Mar-10	29,143										29,143	29,143	29,143	29,143	116,572
Apr-10	29,143											29,143	29,143	29,143	87,429
May-10	29,143												29,143	29,143	58,286
Jun-10	29,143													29,143	29,143
Total # of Children Impacted	378,859	29,143	58,286	87,429	116,572	145,715	174,858	204,001	233,144	262,287	291,430	320,573	349,716	378,859	2,652,013

	BY (13 mo)
avg mo new enrollees	29,143
total number of new enrollees	378,859
enrollment months	2,652,013

avg mo rate	$101.19
savings-TF	$268,357,195
savings-GF	**$93,925,018**
savings-FF	$174,432,177

Note: Savings of $72,915,844 General Fund associated with current disenrollment trends are already taken into consideration.

Chart 3

Freezing Enrollment for 12 Months

MONTH	Average Monthly New Enrollment	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Total Enrollment Months
Jul-09	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	349,716
Aug-09	29,143		29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	320,573
Sep-09	29,143			29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	291,430
Oct-09	29,143				29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	262,287
Nov-09	29,143					29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	233,144
Dec-09	29,143						29,143	29,143	29,143	29,143	29,143	29,143	29,143	204,001
Jan-10	29,143							29,143	29,143	29,143	29,143	29,143	29,143	174,858
Feb-10	29,143								29,143	29,143	29,143	29,143	29,143	145,715
Mar-10	29,143									29,143	29,143	29,143	29,143	116,572
Apr-10	29,143										29,143	29,143	29,143	87,429
May-10	29,143											29,143	29,143	58,286
Jun-10	29,143												29,143	29,143
Total # of Children Impacted	349,716	29,143	58,286	87,429	116,572	145,715	174,858	204,001	233,144	262,287	291,430	320,573	349,716	2,273,154

	BY (12 mo)
avg mo new enrollees	29,143
total number of new enrollees	349,716
enrollment months	2,273,154

avg mo rate	$101.19
savings-TF	$230,020,453
savings-GF	**$80,507,159**
savings-FF	$149,513,295

Note: Savings of $72,915,844 General Fund associated with current disenrollment trends are already taken into consideration.

Chart 4

Freezing Enrollment for 11 Months

MONTH	Average Monthly New Enrollment	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Total Enrollment Months
Jul-09														-
Aug-09	29,143		29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	320,573
Sep-09	29,143			29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	291,430
Oct-09	29,143				29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	262,287
Nov-09	29,143					29,143	29,143	29,143	29,143	29,143	29,143	29,143	29,143	233,144
Dec-09	29,143						29,143	29,143	29,143	29,143	29,143	29,143	29,143	204,001
Jan-10	29,143							29,143	29,143	29,143	29,143	29,143	29,143	174,858
Feb-10	29,143								29,143	29,143	29,143	29,143	29,143	145,715
Mar-10	29,143									29,143	29,143	29,143	29,143	116,572
Apr-10	29,143										29,143	29,143	29,143	87,429
May-10	29,143											29,143	29,143	58,286
Jun-10	29,143												29,143	29,143
Total # of Children Impacted	320,573	-	29,143	58,286	87,429	116,572	145,715	174,858	204,001	233,144	262,287	291,430	320,573	1,923,438

	BY (11 mo)
avg mo new enrollees	29,143
total number of new enrollees	320,573
enrollment months	1,923,438
avg mo rate	$101.19
savings-TF	$194,632,691
savings-GF	**$68,121,442**
savings-FF	$126,511,249

Note: Savings of $72,915,844 General Fund associated with current disenrollment trends are already taken into consideration.

Chart 5

Savings Associated with Current Disenrollment Trend

MONTH	Average Monthly Disenrollment	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Total Enrollment Months
Jul-09	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	(316,740)
Aug-09	-26,395		-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	(290,345)
Sep-09	-26,395			-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	(263,950)
Oct-09	-26,395				-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	(237,555)
Nov-09	-26,395					-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	(211,160)
Dec-09	-26,395						-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	(184,765)
Jan-10	-26,395							-26,395	-26,395	-26,395	-26,395	-26,395	-26,395	(158,370)
Feb-10	-26,395								-26,395	-26,395	-26,395	-26,395	-26,395	(131,975)
Mar-10	-26,395									-26,395	-26,395	-26,395	-26,395	(105,580)
Apr-10	-26,395										-26,395	-26,395	-26,395	(79,185)
May-10	-26,395											-26,395	-26,395	(52,790)
Jun-10	-26,395												-26,395	(26,395)
Total # of Children Impacted	(316,740)	(26,395)	(52,790)	(79,185)	(105,580)	(131,975)	(158,370)	(184,765)	(211,160)	(237,555)	(263,950)	(290,345)	(316,740)	(2,058,810)

	BY (12 mo)
avg mo new enrollees	-26,395
total number of new enrollees	-316,740
enrollment months	-2,058,810

avg mo rate	$101.19
savings-TF	-$208,330,984
savings-GF	**-$72,915,844**
savings-FF	-$135,415,140

Chart 6

Savings Associated with Scenario 1

Disenrollment at AER if Current Disenrollment Trend Continues

MONTH	Average Monthly Disenrollment at AER	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	TOTAL
Jul-09		-	-	-	-	-	-	-	-	-	-	-	-	-
Aug-09			-	-	-	-	-	-	-	-	-	-	-	-
Sep-09				-	-	-	-	-	-	-	-	-	-	-
Oct-09					-	-	-	-	-	-	-	-	-	-
Nov-09						-	-	-	-	-	-	-	-	-
Dec-09							-	-	-	-	-	-	-	-
Jan-10								-	-	-	-	-	-	-
Feb-10									-	-	-	-	-	-
Mar-10										-	-	-	-	-
Apr-10	53,277										53,277	53,277	53,277	159,831
May-10	53,277											53,277	53,277	106,554
Jun-10	53,277												53,277	53,277
TOTAL	159,831	-	-	-	-	-	-	-	-	-	53,277	106,554	159,831	319,662

	BY (3 mo)
avg mo dienrollees	53,277
total number of disenrollees	159,831
enrollment months	319,662

avg mo rate	$101.19
savings-TF	$32,346,589
savings-GF	**$11,321,306**
savings-FF	$21,025,283

Chart 7

Savings Associated with Scenario 2

Disenrollment at AER if Disenrollment Trend Decreases by 8%

MONTH	Average Monthly Disenrollment at AER	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	TOTAL
Jul-09		-	-	-	-	-	-	-	-	-	-	-	-	-
Aug-09			-	-	-	-	-	-	-	-	-	-	-	-
Sep-09				-	-	-	-	-	-	-	-	-	-	-
Oct-09					-	-	-	-	-	-	-	-	-	-
Nov-09						-	-	-	-	-	-	-	-	-
Dec-09							-	-	-	-	-	-	-	-
Jan-10								-	-	-	-	-	-	-
Feb-10									-	-	-	-	-	-
Mar-10	55,377									55,377	55,377	55,377	55,377	221,508
Apr-10	55,377										55,377	55,377	55,377	166,131
May-10	55,377											55,377	55,377	110,754
Jun-10	55,377												55,377	55,377
TOTAL	221,508	-	-	-	-	-	-	-	-	55,377	110,754	166,131	221,508	553,771

	BY (4 mo)
avg mo dienrollees	55,377
total number of disenrollees	221,508
enrollment months	553,771

avg mo rate	$101.19
savings-TF	$56,036,092
savings-GF	**$19,612,632**
savings-FF	$36,423,460

Chart 8

Savings Associated with Scenario 3

Disenrollment at AER if disenrollment trend reduces by 15%

MONTH	Average Monthly Disenrollment at AER	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	TOTAL
Jul-09		-	-	-	-	-	-	-	-	-	-	-	-	-
Aug-09			-	-	-	-	-	-	-	-	-	-	-	-
Sep-09				-	-	-	-	-	-	-	-	-	-	-
Oct-09					-	-	-	-	-	-	-	-	-	-
Nov-09						-	-	-	-	-	-	-	-	-
Dec-09							-	-	-	-	-	-	-	-
Jan-10								-	-	-	-	-	-	-
Feb-10	57,622								57,622	57,622	57,622	57,622	57,622	288,112
Mar-10	57,622									57,622	57,622	57,622	57,622	230,490
Apr-10	57,622										57,622	57,622	57,622	172,867
May-10	57,622											57,622	57,622	115,245
Jun-10	57,622												57,622	57,622
TOTAL	288,112	-	-	-	-	-	-	-	57,622	115,245	172,867	230,490	288,112	864,337

	BY (5 mo)
avg mo dienrollees	57,622
total number of disenrollees	288,112
enrollment months	864,337

avg mo rate	$101.19
savings-TF	$87,462,285
savings-GF	**$30,611,800**
savings-FF	$56,850,485