

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
INS. TAX FUND /MUTUAL FIN. ASST. FUND	See Below	See Below	See Below	See Below
FEDERAL FUNDS	See Below	See Below	See Below	See Below
CHIP DISTRIBUTIVE FUND	(See Below)		(See Below)	
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 118 changes provisions related to the eligibility to purchase insurance from the Comprehensive Health Insurance Pool (CHIP). The bill excludes persons from participation if they are eligible for coverage under a group insurance plan or if their premium is paid by an unrelated person. The administrator of CHIP is to collect information necessary to determine eligibility and state agencies are authorized to release such information. Individuals are also required to provide requested information or records to continue eligibility.

It is assumed the bill will result in a decrease in CHIP participants due to changes in eligibility. CHIP is funded by premium payments of policyholders and premium taxes paid by health insurers which are deposited in the CHIP Distributive Fund. Premium tax receipts remaining after CHIP expenses have been paid are transferred to the General Fund (40%), the Mutual Finance Assistance Fund (10%) and the Insurance Tax Fund (50%). The Insurance Tax Fund is distributed to schools (60%), counties (10%), and municipalities (30%). A decrease in policyholders will likely increase the amount of premium tax funds available for distribution to these entities. The fiscal impact of the change is unknown.

The provisions of the bill requiring the CHIP administrator to collect information and records to determine eligibility and requiring state agencies and individuals to release such information may shift insurance costs for Medicaid eligible individuals from the CHIP program to Medicaid, if persons are eligible for the federal program. Increased expenditures by the Health and Human Services agencies with federal and state funds for the Medicaid population may occur. The fiscal impact of the shift in coverage is unknown.