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Revenue Estimating Conference Revises the FY 1999 and FY 2000 Revenue Estimates

**REC Meeting** The Revenue Estimating Conference (REC) met on December 4 to review the FY 1999 and FY 2000 General Fund revenue estimates. Members of the Conference approved revisions for the total FY 1999 and FY 2000 General Fund receipts.



**FY 1999 Estimate Increased** The REC increased the FY 1999 estimate established in September of $4.865 billion by $52.7 million to $4.918 billion, reflecting stronger year-to-date revenue growth. Personal income tax collections have been stronger than anticipated, and the REC revised the FY 1999 personal income tax amount by $10.0 million compared to the September REC estimate. The September estimate for sales tax of $1.321 billion was increased by $24.8 million in reflection of greater than anticipated year-to-date growth. Inheritance tax receipts growth has also been above expectations, and the Conference increased the FY 1999 estimate of $66.6 million by $20.0 million to reflect a recent analysis of inheritance tax receipts by the Department of Revenue and Finance.

**FY 2000 Estimate** The REC also increased the FY 2000 estimate established in September of $5.084 billion by $44.8 million to $5.129 billion. This is an increase of $211.0 million (4.3%) compared to the revised FY 1999 estimate. Both personal income tax and sales tax were increased compared to the September estimate by $6.2 million and $12.4 million, respectively.

**RIIF Estimates** The Conference also revised the FY 1999 and FY 2000 estimates for gambling revenues transferred to the Rebuild Iowa Infrastructure Fund (RIIF). Gambling proceeds to the General Fund are statutorily capped at $60.0 million, with the excess going to the RIIF. The Conference increased the FY 1999 and FY 2000 figures by $14.7 million and $14.0 million, respectively.

**Revenue By Source** The spreadsheet on the following page details the latest REC estimates by source of revenue.



STAFF CONTACT: Larry Sigel (Ext. 14611)

Lease Purchase - Woodward State Hospital-School



**New Phone System** The Department of Human Services is proposing to purchase a new telephone system at the State Hospital-School at Woodward through a lease purchase arrangement. The Department states the new system is needed since the current telephone system is over 25 years old and replacement parts are difficult to secure.



**Total Cost** The total cost of the system if purchased outright is $310,000. The Department’s request is to pay $50,000 down and finance the remaining $260,000. The cost of the lease purchase is estimated at $293,500. This includes $260,000 in principal and $33,500 in interest at a rate of 4.74% for a period of five years. The total cost to lease purchase will be $343,500. The lease payments will be funded through the Hospital-School’s General Fund appropriation.

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Healthy and Well Kids in Iowa Health Plan Participation



**HAWK-I Board** The Healthy and Well Kids in Iowa (HAWK-I) Board met November 30 to discuss health plan participation in the Healthy and Well Kids in Iowa Program. The Program provides health insurance coverage for children in families with incomes between 133.0% and 185.0% of the federal poverty level. The Program is scheduled to begin operation January 1, 1999, but few providers have expressed interest in providing insurance coverage under the Program.

**Potential Providers** The Department of Human Services (DHS) stated that representatives of the DHS have had discussions with six potential health care providers, including:

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HEALTH

INSURANCE

1. John Deere Health Care: The provider submitted a proposed benefit package to the DHS for determination of actuarial equivalence. The DHS determined the plan satisfies equivalence benchmarks. The provider has not yet formally committed to participate in the Program.
2. Iowa Health Solutions: The provider submitted a proposed benefit package to the DHS for determination of actuarial equivalence. The DHS determined the plan satisfies equivalence benchmarks. The provider has verbally committed to participate in the Program beginning January 1, 1999. The Plan will cover 14 counties in central and eastern Iowa, including Boone, Story, Marshall, Polk, Marion, Mahaska, Dubuque, Jackson, Clinton, Scott, Muscatine, Des Moines, Lee, and Van Buren counties.
3. Care Choices: The provider formally withdrew from participation in the Program.
4. Wellmark Health Plan of Iowa, Inc.: The provider tentatively committed to participate in the Program beginning February 1, 1999. The provider intends to submit a list of issues to discuss with the DHS before formally committing to the Program.
5. Principal Health Care of Iowa, Inc.: The provider met with DHS representatives but has not yet formally committed to participate in the Program.
6. Principal Mutual: The provider met with DHS representatives but has not yet formally committed to participate in the Program.

**Board Ruling** The Healthy and Well Kids in Iowa Board has ruled that an indemnity plan will not be allowed to compete against a managed care company in any county in which the managed care provider offers services. If a managed care provider begins service delivery in an area served by an indemnity plan, new enrollees in the Healthy and Well Kids in Iowa Program will be directed to the managed care provider. Existing enrollees receiving services through the indemnity plan at the time managed care is introduced will be permitted to complete their current year of enrollment with the indemnity provider. These existing enrollees will be converted to the managed care system on the anniversary of their enrollment date.

**Issue Monitored** The LFB will continue to monitor implementation issues related to the Children’s Health Insurance Program (CHIP) and report significant findings to the General Assembly.

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Weekly Medical Assistance Program Expenditures in the Department of Human Services



**Medical Assist. Program** For the week ending November 16, 1998, FY 1999 General Fund expenditures for the Medical Assistance Program in the Department of Human Services were $12.0 million (78.5% of budget). This is $3.3 million below the weekly budget established by the Department. Year-to-date Medical Assistance General Fund expenditures are $115.3  million, which is $2.5 million (2.3%) above the amount budgeted for the fiscal year-to-date.

**Expenditures Monitored** The LFB will continue to monitor Medical Assistance Program expenditures and will provide regular updates to members of the General Assembly. More information is available from the Fiscal Bureau.

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