



## Budget Tidbits... just the facts

Senate Republican Caucus

### Budget Brief #11: (6/22/07)

#### Faulty Figures – The \$16 Million Error

*New information substantially revises the fiscal impact and the composition of children that will be served by expanding taxpayer-funded health care to 300 percent of federal poverty, the so-called “Cover All Kids” (2SSB 5093) legislation signed by the governor.*

#### **A. Governor’s budget office drastically understated the number of illegal immigrants that would receive taxpayer-funded health care.**

The “Cover All Kids” legislation expanded eligibility for both citizens and non-citizens.<sup>1</sup> At the time the legislation passed, the fiscal note approved by the governor’s budget office assumed some 6,680 illegal immigrant children would be added to the state’s rolls by the end of the biennium.

The June caseload forecast council raised the estimate to 16,825, an increase of over 150 percent compared to the fiscal note relied upon by the legislature in passing the bill.<sup>2</sup>

The change is due to the Department of Social and Health Services (DSHS) identifying non-citizen siblings of children enrolled in Medicaid that will qualify for coverage. Plus an estimate of illegal immigrant children switching from the less generous Basic Health Plan (BHP) to the new program.<sup>3</sup>

A very legitimate question is why this information was not disclosed during session.

#### **B. “Cover All Kids” will spend more on illegal immigrants than uninsured citizens.**

The impact of the previously unanticipated 10,100 additional illegal immigrants raises the health coverage cost of the legislation from \$29 million to \$45 million state funds in 2007-09, a 54 percent increase.<sup>4</sup>

The majority of those expenditures will be on illegal immigrants. Projections are:

- \$25 million for illegal immigrants;
- \$8 million to cover citizens who are uninsured; and
- \$12 million to cover citizens who drop private coverage to go onto cheaper state option.<sup>5</sup>

*Notably, only \$8 million of the \$45 million will be spent on citizens who are uninsured. The remainder will go to cover either illegal immigrants or citizens who presently have coverage but choose to drop it for the cheaper state option.*

#### **C. Who is now projected to be covered by this legislation?**

The “Cover All Kids” legislation was requested by the governor and touted as one of the primary accomplishments of the legislative session. But let’s look at who will be served.

June 2009 additional enrollment attributable to "Cover All Kids" bill<sup>6</sup>

|                                    |        |
|------------------------------------|--------|
| Illegal immigrant uninsured:       | 11,716 |
| Illegal immigrant switch from BHP: | 5,109  |
| Citizen uninsured:                 | 12,738 |
| Citizen drop private coverage:     | 19,107 |
|                                    |        |
| Add'l people covered under bill:   | 48,670 |

**Roughly 73.8% of additional enrollments are attributable to covering illegal immigrants or children who already have insurance.**

The previous analysis was a point-in-time analysis, looking at how many new people will be covered in the last month of the biennium. Another way to look at the issue is, over the entire biennium, what is the average composition of the new enrollees.

2007-09 biennial average of new enrollees covered<sup>7</sup>

|                                    |        |
|------------------------------------|--------|
| Illegal immigrant uninsured:       | 10,761 |
| Illegal immigrant switch from BHP: | 2,052  |
| Citizen uninsured:                 | 4,774  |
| Citizen drop private coverage:     | 7,160  |

So, on average for the biennium, the number of illegal immigrant uninsured (10,761) the state will add to its rolls will be more than double the number of citizen uninsured (4,774).

This corresponds to the figures noted earlier that under the legislation the state will spend \$25 million to cover uninsured illegal immigrants this biennium while spending \$8 million to cover uninsured citizens.

**Bottom Line**

The legislature was ill-advised on the true impacts of the "Cover All Kids" legislation, relying on faulty figures from the governor's budget office. Previous data underestimated the number of illegal immigrants to be added to the state's rolls by over 10,000, at a cost of \$16 million.

The revised data show the vast majority of enrollees and expenditures for "Cover All Kids" will go to illegal immigrants and citizens who voluntarily drop private coverage, rather than financing citizens who are presently uninsured.

1. Non-citizens is inclusive of those here legally and illegally.
2. Caseload Forecast Council Spreadsheet, 6/11/07.
3. Id.
4. Ways & Means analysis, 6/22/07.
5. Id.
6. Caseload Forecast Council Spreadsheet, 6/11/07.
7. Id. (calculations made by legislative fiscal staff based on caseload forecast data)