

**126th MAINE LEGISLATURE****LD 1546****LR 2143(01)****An Act To Strengthen Maine's Hospitals, Increase Access to Health Care and Provide for a New Spirits Contract**

**Fiscal Note for Original Bill**  
**Committee: Veterans and Legal Affairs**  
**Fiscal Note Required: Yes**

**Fiscal Note**

	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>Projections FY 2015-16</b>	<b>Projections FY 2016-17</b>
<b>Net Cost (Savings)</b>				
General Fund	(\$689,851)	(\$4,835,565)	(\$4,528,658)	\$4,476,166
<b>Appropriations/Allocations</b>				
General Fund	(\$689,851)	(\$3,835,565)	(\$3,778,658)	\$5,226,166
Federal Expenditures Fund	\$393,852,589	\$325,198,201	\$341,132,913	\$348,902,215
Other Special Revenue Funds	\$193,077,607	\$7,297,029	\$10,965,878	\$11,897,404
<b>Revenue</b>				
General Fund	\$0	\$1,000,000	\$750,000	\$750,000
Other Special Revenue Funds	\$193,077,607	\$7,297,029	\$10,965,878	\$11,897,404

**Fiscal Detail and Notes**

Parts A and G of this bill implement the transition of the process for liquor sales and operations when the current lease arrangement ends at the close of fiscal year 2013-14. Under the revised contracting process, the net revenue from liquor sales and operations is projected to increase by roughly \$25 million in fiscal year 2014-15 over current budgeted net revenue and continue increasing by additional amounts each fiscal year over the 10-year contract period for the operation and management of liquor sales in the State. The net change in revenue includes the effect of changes in agent discounts, pricing strategies to increase and recover sales from New Hampshire and the elimination of the administration of the sale of fortified wines by the State. The amount of the projected increase in revenue will depend on the effectiveness of the competitive bidding process for the contracts for the various aspects of liquor sales and marketing and enforcement strategies to recover sales.

Part B of the bill authorizes the Maine Municipal Bond Bank with the approval of the Governor to issue liquor operation revenue bonds up to \$188,500,000 plus financing costs. The net proceeds from these revenue bonds will be used for the state share of the payments to health care providers for services provided prior to December 1, 2012 and will be transferred from the bond bank to the Health Care Liability Retirement Fund, an Other Special Revenue Funds account within the Department of Health and Human Services. The estimated total amount of the payments, both state and federal, to health care providers for services provided prior to December 1, 2012 is approximately \$490,200,000.

If the full amount of the \$188,500,000 is not required due to the timing of the sale of the bonds and the availability of the proceeds, either the full authorization will not be issued and annual debt service will be lower or the proceeds in excess of the amounts required for the state share of the payments to health care providers will be transferred to the bond bank to cover debt service costs.

All net revenue from liquor sales is deposited in the Liquor Operations Revenue Fund at the Maine Municipal Bond Bank to first cover annual debt service costs of the revenue bonds, approximately \$25 million per year. Total net borrowing costs above the \$188,500,000 are projected to be \$33,766,100, based on the full authorization being utilized.

Excess revenue above debt service requirements will be transferred first to the General Fund through fiscal year 2016-17 to cover current budgeted revenue estimates from liquor sales and operations and to offset the General Fund additional enforcement costs of \$1,000,000 during the 2014-2015 biennium to be appropriated in the Governor's proposed 2014-2015 Biennial Budget Bill, LD 1509. Additional revenue received above the General Fund amounts will be credited to the Other Special Revenue Funds accounts for drinking water and wastewater projects up to the amounts needed to match available federal funds or up to \$7,000,000 per year. The amounts not required to match available federal funds for the water programs will be transferred to the Department of Transportation for highway and bridge improvements. The total projected amounts to be allocated to the water programs in fiscal year 2014-15 are \$2,662,000.

After fiscal year 2016-17 and until the revenue bonds are retired, up to \$7,000,000 will be transferred to the water programs and the Department of Transportation with no General Fund revenue from liquor revenue during this period. Excess revenue from liquor operations after the debt service costs and the \$7,000,000 annually will be retained by the bond bank until the revenue bonds are retired. At that time, the bond bank will transfer the excess reserve to the Maine Budget Stabilization Fund. In fiscal year 2023-24, the projected transfer to the Maine Budget Stabilization Fund will be roughly \$138,000,000.

Parts C, D, E and F of the bill implement and adjust funding related to the expansion of MaineCare under the federal Affordable Care Act.

Part E requires an evaluation of current state programs to identify savings that would result from the MaineCare expansion, identifies programs and populations that may realize savings and deappropriates funds statewide assuming these savings are then identified and distributed. The specific programs and amount of savings that will be realized and distributed to each cannot be determined at this time. As a benchmark, the implementation of the MaineCare childless adults waiver effective October 2002 resulted in subsequent savings of \$1,800,000 deappropriated in the Mental Health Services - Community program in fiscal year 2002-03 (PL 2001 c.714). Part E includes deappropriations of \$2,700,000 in 2013-14 and \$5,900,000 in 2014-15 in the Executive Branch Departments and Independent Agencies -Statewide program in the Department of Administrative and Financial Services for savings to be identified in existing programs as a result of the expansion of MaineCare eligibility.

Part F of the bill includes General Fund appropriations of \$2,010,149 in 2013-14 and \$2,064,435 in 2014-15 for the Bureau of Family Independence - Regional program in the Department of Health and Human Services for the state share of the costs of 83 new positions to administer the MaineCare eligibility expansion. Part F also includes Federal Expenditures Fund allocations totaling \$92,152,589 in 2013-14 and \$325,198,201 in 2014-15 as detailed below. The estimated federal allocations assume 100 percent federal matching funds for the first three years of the expansion for both the current childless adult waiver population and the newly eligible adult population below 139% of the federal poverty line and a 97.5 % federal match in 2016-17. Obtaining a 100% federal match for the current childless adult waiver population and not the "expansion states" federal match (estimated to be 80.78 % in 2013-14 and 82.70% in 2014-15) assumes that under Part D, the Department of Health and Human Services will successfully take the steps indicated by the federal Department of Health and Human Services to secure the "newly eligible" 100% federal match.

		<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>
<b>Childless Adults Waiver (below 100% of the Federal Poverty Line)</b>					
Estimated Population	10,500				
Estimated Cost per Year	\$5,581	\$29,301,300	\$61,474,140	\$64,486,373	\$67,646,205
Assumed Federal Match		100.0%	100.0%	100.0%	97.5%
State Share of Costs		\$0	\$0	\$0	\$1,691,155
<b>Childless Adults (Below 139% of the Federal Poverty Line)</b>					
Estimated Population	45,045				
Estimated Cost per Year	\$5,581	\$62,851,289	\$263,724,061	\$276,646,540	\$290,202,220
Assumed Federal Match		100.0%	100.0%	100.0%	97.5%
State Share of Costs		\$0	\$0	\$0	\$7,255,056
Total Federal Allocation		\$92,152,589	\$325,198,201	\$341,132,913	\$348,902,214
Total State share		\$0	\$0	\$0	\$8,946,211

Funding for the new positions included in Part F reflect a 75% federal match for the 64 Eligibility Specialist positions and a 50% federal match for the other new positions. The funding for the Eligibility Specialist positions assumes a 700 person caseload for each new position. This is the target caseload the Department of Health and Human Services has identified for the Eligibility Specialist positions.

This bill does not include appropriations for the MaineCare costs of coverage for the current 19-20 year old population and for the current parents population under 139% of the federal poverty line. The Department of Health and Human Services has indicated funding for the continued MaineCare coverage for these populations has been included in the MaineCare baseline adjustments reflected in the proposed Governor's 2014-2015 Biennial Budget Bill, LD 1509.