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FISCAL IMPACT REPORT

SPONSOR: Lopez DATE TYPED: 03/12/03 HB _____

SHORT TITLE: Medicaid Reform Committee Program SB 332/aSPAC/aSFC/aSFI#1

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			See Narrative	Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 412

SOURCES OF INFORMATION

Responses Received From
 The Human Services Department
 The Health Policy Commission

SUMMARY

Synopsis of SFI Amendment #1

Senate Floor Amendment makes the following changes:

On page 5, line 7, after "funds" strike the remainder of the line and strike line 8 up to the period. This eliminates residual language referring to an appropriation deleted by the Senate Finance Committee.

Synopsis of SFC Amendment

The Senate Finance Committee amendment of Senate Bill 332 eliminates the \$500,000 appropriation that could have been used as match to receive federal revenue of an additional \$500,000, making the total \$1,000,000. SB 322 states that the projects requested can be done "to the extent possible". These projects are generally complex and will frequently require contracted expertise as noted in the original analysis under Administrative Implications. It may not be reasonable to expect much progress on such projects in the absence of an appropriation for these

purposes.

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment makes a variety of language corrections that do not change the intent or potential result of the bill. The one substantive change is adding a new section D. on page 5, between lines 8 and 9 that states.

“If the funding is insufficient for all the initiatives in this section, the department shall prioritize the initiatives in conjunction with the appropriate legislative interim committee.”

Synopsis of Original Bill

Senate Bill 322 appropriates \$500,000 from the General Fund to the Human Services Department for expenditure on a variety of analyses and pilot projects recommended by the Medicaid Reform Committee. The bill has an emergency clause.

Significant Issues

The analyses and pilot projects required by SB 332 are:

1. Conduct a cost-benefit analysis on the carve-out of prescription drug benefits from the managed care organizations (MCO's);
2. Conduct a comprehensive feasibility study and cost-benefit analysis of replacing the MCO's with a statewide primary care case management model;
3. Implement a primary care case management pilot project for the fee-for-service or a selected sub-population;
4. Conduct a cost-benefit analysis and comparison of non-emergency transportation services under a state-managed model and other models;
5. Conduct a pilot project in rural and urban areas for non-emergency transportation services for selected Medicaid recipients in the fee-for-service system;
6. Complete the HSD Global Funding Waiver analysis and determine whether HSD should continue to proceed for a Federal government waiver;
7. Conduct a cost-benefit analysis and comparison of the personal care option's consumer-directed and consumer-delegated care components and evaluate components;
8. Identify options for changes or elimination of Medicaid services while ensuring that vulnerable Medicaid recipients are not adversely affected, and determine the feasibility of a Federal waiver to implement proposed changes;
9. Conduct an external analysis of selected prescription drug use in the state with respect to trends, utilization and potential cost-savings initiatives;
10. Determine the feasibility of a Federal waiver to include all persons currently served solely from the General Fund through other services and agencies, including the Department of Health, Children, Youth, and Families, and Agency on Aging; and
11. Work with counties to determine the feasibility of a Federal waiver to include indigent populations in the Medicaid Program.

SB332 requests that HSD coordinate or combine any of these initiatives, or any other MRC recommendations, which it deems similar, to avoid duplication or conflict.

In addition, SB 322 requires HSD to apply for public and private grants or claim Federal matching to supplement the general fund appropriation.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of Fiscal Year 2005 shall revert to the General Fund. The \$500.0 General Fund can be used to match an additional \$500.0 federal funds making the total project potential of \$1 million.

ADMINISTRATIVE IMPLICATIONS

The Human Services Department reports Medical Assistance Division would need to hire or contract with outside entities to accomplish the studies, pilots and projects included. Current staff could not perform the work mandated in this bill and maintain the programs and projects for which they are currently responsible. Requests For Proposals would have to be developed and contractors selected or temporary staff would have to be hired for the projects. Continuing oversight would be necessary for each of these projects.

MW/prr:yr:njw