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FISCAL IMPACT REPORT

SPONSOR: Feldman DATE TYPED: 02/19/03 HB _____

SHORT TITLE: Medicaid Reform Committee Recommendations SB 338/aSPAC

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			(\$8,500.0-22,500.0)	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	(\$25,500.0-67,500.0)		Recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB 384

SOURCES OF INFORMATION

Responses Received From
 Human Services Department
 Health Policy commission

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendments are a variety of language improvements and clarifications that do not materially change the bill, its intent or potential result.

Synopsis of Original Bill

Senate Bill 338 adds a section to the Public Assistance Act to incorporate recommendations of the Medicaid Reform Committee, which had been established pursuant to Laws 2002, Chapter 96. The recommendations become statutory requirements and relate to state and federal pharmacy programs, drug buying cooperatives, community health promoters, disease management programs, consumer-directed services, Medicaid fraud detection, Medicaid co-payments and premiums, and collaboration with other agencies on Medicaid-covered services. The bill contains an emergency clause.

Significant Issues

Senate Bill 338 requires the following based on recommendations from the Medicaid Reform Committee. The range of savings noted was developed by the Medicaid Reform Committee with the Legislative Council Service and appears in the Committee final report.

1. Develop a Uniform Preferred Medicaid Drug List to be used by all Medicaid programs and services. Range of General Fund Savings \$800,000-\$2.4 million.
2. Work with other State agencies to integrate the Uniform Preferred Drug List. Range of General Fund Savings \$800,000-\$2.4 million.
3. Identify entities eligible to participate in the 340bB Federal Drug Pricing Program and assist them to enroll in the 340B program. Range of General Fund Savings \$500,000-\$1.5 million.
4. Work toward developing a prescription drug purchasing cooperative through the combination buying power of the Medicaid Program, the Health Care Purchasing Act participating health care agencies, the Department of Health, the Department of Corrections, other states, and other public and private purchasers. Range of General Fund Savings \$375,000-\$1.125 million.
5. Develop a program to expand the use of community health promoters to assist Medicaid beneficiaries in understanding the requirements of the Program. Range of General Fund Savings \$131,000-\$525,000.
6. Oversee Managed Care Organizations (MCOs) to ensure that they collaborate with primary care and safety net providers to coordinate disease management programs and adopt uniform key health status indicators for Medicaid recipients. Range of General Fund Savings \$13,000-\$38,000.
7. Ensure that case management services assist Medicaid beneficiaries in accessing needed medical, social and other services and require MCOs to provide or strengthen case management services by closer coordination with primary and safety net providers. Range of General Fund Savings \$13,000-\$38,000.
8. Design a pilot disease management program for the fee-for-service population. Range of General Fund Savings \$13,000-\$38,000.
9. Continue the Personal Care Option with increased consumer awareness of consumer-directed services and consumer-delegated services choices. Range of General Fund Savings \$600,000-\$1.2 million.
10. Expand the program of all-inclusive care for the elderly to an urban area with a population less than 4,000. Range of General Fund Savings \$15,000-\$150,000.
11. Coordinate and consolidate the State's long term care services, to include health and social services, in conjunction with the Department of Health (DOH), Children, Youth and Families (CYFD), and the State Agency on Agency (AoA) for assessment,

- information and referral development for recipients of all ages. Cost of \$250,000.
12. Develop a Medicaid fraud and abuse detection recovery plan with the cooperation and collaboration of the Attorney General, the MCOs, Medicaid providers, consumer groups, and HSD. Range of General Fund Savings \$2.5 million -\$5 million.
 13. Identify other State-funded health care programs and services that may be Medicaid reimbursable, ensuring that the services meet federal requirements. Range of General Fund Savings \$220,000-\$440,000.
 14. Work with Indian health or tribally operated facilities to ensure that Indian health service and tribally operated facilities are used, when possible, for services that are eligible for 100% Federal matching funds. Range of General Fund Savings \$500,000-\$2.5 million.
 15. Develop a payment methodology that provides maximum allowable Medicaid reimbursement for eligible federally qualified health centers (FQHC) or FQHC look-alikes. Range of General Fund Savings \$500,000-\$800,000.
 16. Ensure that primary care clinics are reimbursed for Medicaid-related outreach and enrollment. Range of General Fund Savings \$250,000-\$1 million.
 17. Assess a premium on selected Medicaid recipients. Range of General Fund Savings \$2.4 million-\$6 million.
 18. Assess co-payments comparable to commercial insurance for emergency room visits, not resulting in hospital admission, for MCO enrolled or fee for service Medicaid recipients. Range of General Fund Savings \$20,000-\$40,000.
 19. Assess tiered co-payments on selected higher-cost prescription drugs when there is a generic or lower-cost equivalent drugs available. Range of General Fund Savings \$837,000-\$1.3 million.
 20. Assess co-payments on prescription drugs not on the Uniform Preferred Drug List. Range of General Fund Savings \$837,000-\$1.3 million.
 21. Resolve any conflicts or duplications in patient-cost sharing requirements by ensuring that premiums do not harm access to health care, and ensure that premiums and co-payments are in compliance with federal requirements. Range of General Fund Savings are unknown.
 22. Provide one eye exam and one pair of corrective contact lenses annually or one pair of frame lenses in a two-year period under the vision benefits for adults. Range of General Fund Savings \$25,000-\$50,000.
 23. Review prescription drug policies to ensure that pharmacists have the flexibility and ability to use available, lower costing generic drugs. Range of General Fund Savings are unknown.
 24. Review nursing home eligibility criteria to ensure that consideration of income, trusts, and other assets are the maximum permissible under federal law. Range of General Fund Savings are unknown.

FISCAL IMPLICATIONS

The total of the general fund savings associated with the 24 changes above changes ranges from \$11.3 million to \$27.8 million. However, some of the recommendations overlap, and the Medicaid Reform Committee estimates the actual potential savings at \$8.5 million to \$22.5 million with an associated reduction in federal revenue of \$25.5 million to \$67.5 million. No funds are included for the additional administrative and contractual costs needed to accomplish these changes.

ADMINISTRATIVE IMPLICATIONS

Changes of this magnitude and complexity will require considerable administrative effort on the part of Medical Assistance Division. An appropriation for this program expansion is not included.

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