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FISCAL IMPACT REPORT

SPONSOR Dow/Armstrong, D **ORIGINAL DATE** 2/12/19
LAST UPDATED 3/04/19 **HB** 371/aHF1#1

SHORT TITLE Medicare Part B Automatic Enrollment **SB** _____

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Medicare Part B		\$101.5	\$101.5	\$203.0	Recurring	General fund
Medicare Part B		\$268.8	\$268.8	\$537.6	Recurring	Federal Medicaid Funds
Total		\$370.3	\$370.3	\$740.6	Recurring	General Fund, Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of HF1#1 Amendment

The House Floor Amendment #1 to House Bill 371 removes the requirement that HSD verbally notify Qualified Medicare Beneficiary individuals who are eligible for enrollment into Medicare Part B.

Synopsis of Original Bill

House Bill 371 would require the Human Services Department (HSD) to facilitate the automatic enrollment of certain individuals into Medicare Part B coverage. HB371 would create a new section of the Public Assistance Act requiring HSD to automatically enroll Qualified Medicare Beneficiary (QMB) individuals into Medicare Part B when they are not already enrolled.

HB371 would also require HSD to adopt rules by August 1, 2019, to inform QMB applicants and

recipients if they are enrolled in the QMB program and not enrolled in Medicare Part B, then they are eligible for automatic enrollment in Medicare Part B regardless of whether Medicare Part B is in an open enrollment period. The bill would require that HSD provide this information to clients both verbally and in writing.

FISCAL IMPLICATIONS

HSD reports there are approximately 190 individuals enrolled in QMB who have not enrolled in Medicare Part B coverage. Under the provisions of the bill, HSD would be required to automatically enroll these individuals in Medicare Part B and pay their Part B premiums. The current Medicare Part B premium is \$135.50 per month. In addition to payment of Part B premiums, QMB covers the coinsurance and deductibles for Medicare-covered services. Assuming that HB371 would be effective August 1, 2019, HSD estimates the total fiscal impact of covering both the Medicare Part B premiums and coinsurance and deductibles is estimated to be \$370,300 total per fiscal year (\$101,500 from the general fund and \$268,800 in federal Medicaid matching funds).

HSD notes some of these additional program costs would be offset once individuals are enrolled with Medicare Part B. Once Medicare Part B enrollment is complete, Medicaid would become the secondary payer for these individuals and Medicare would become the primary payer responsible for payment of medical claims.

SIGNIFICANT ISSUES

HSD indicates buy-in agreements are advantageous to both states and beneficiaries because Medicare is the primary payer of covered medical services and Medicaid payment is generally limited to coinsurance and deductibles, thereby reducing the amount of fiscal liability for the Medicaid program.

ADMINISTRATIVE IMPLICATIONS

Enacting HB371 would require system changes to HSD's eligibility and enrollment system, as well as federal cooperation in facilitating the automated enrollment process at the federal Centers for Medicare and Medicaid Services (CMS).

RAE/gb/sb