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FISCAL IMPACT REPORT

SPONSOR: Lujan DATE TYPED: 02/10/03 HB 182

SHORT TITLE: School System Computerized Medicaid SB _____

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$3,500.0			Non-recurring	General Fund
			See fiscal section	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
 Speaker's Analyst
 Human Services Department
 Information Technology Management Office
 Department of Health
 Health Policy Commission

SUMMARY

Synopsis of Bill

House Bill 182 appropriates \$3.5 million from the General Fund to the Human Services Department for a computerized rapid front-end enrollment, eligibility, case management, collection, claims adjudication and payment system that aligns Medicaid in the Schools providers with federal guidelines and audit requirements.

Significant Issues

The Information Technology Management Office (ITMO) contributes the following:

1. The current multi-million dollar system, MMIS, is the system the Human Services Department (HSD) utilizes for case management, collection, claims adjudication and

payment that aligns Medicaid in the school providers with federal guidelines and audit requirements. HSD has a contract with ACS for support on the MMIS system. A new RFP for the support for MMIS system will be released shortly. Implementing another system may do nothing more than duplicate the current system.

2. The bill states the system will avoid the confidentiality problems experienced under the Health Insurance Portability and Accountability Act (HIPAA). HIPAA protects the confidentiality of medical records, and security and privacy must be understood before implementation of a new computerized case management, collection, claims adjudication, and payment system.
3. HIPAA requires the use of electronic transactions and for code sets to be used in those transactions. The use of these standard transactions and code sets are meant to simplify the administration of the system and enabling the efficient electronic transmission of certain health information.
4. The current system addresses the confidentiality and is HIPAA compliant. Centers for Medicare and Medicaid services certified the system in Fall 2002.

The comments from the State Department of Education and HSD echo the above.

FISCAL IMPLICATIONS

The appropriation of \$3.5 million 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 2004 shall revert to the General Fund.

With any system of this nature, there will be recurring costs for continuing maintenance, upgrades and staff training. These recurring costs are not currently defined. First year savings have been estimated at \$20 million, but while savings may be expected, the LFC notes this seems on the high side. HSD has collected a 5 percent service fee on the Medicaid in the Schools administrative billing, and this may be applied toward the costs.

ADMINISTRATIVE IMPLICATIONS

HSD is concerned HB 182 would require the Medicaid program to develop new software to duplicate an existing system. HSD would require additional staff to oversee the contract resulting from this bill, as well as to oversee integration of the software with the Omnicaid system and training of school staff on use of the software.

MW/yr