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FISCAL IMPACT REPORT

SPONSOR: Picraux DATE TYPED: 03/15/03 HB 412/aHBIC/aHAFC/aSPAC

SHORT TITLE: Medicaid Reform Committee Projects SB _____

ANALYST: Weber

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|--|----------------------|---------------|
| FY03 | FY04 | FY03 | FY04 | | |
| | | | See Fiscal and Administrative Implications | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 332

SOURCES OF INFORMATION

Responses Received From
 The Human Services Department
 The Health Policy Commission

SUMMARY

Synopsis of SPAC Amendment

The Senate Public Affairs Committee Amendment made the following changes to House Bill 412 as amended:

- On page 4, line 13, strike "and".
- On page 4, line 25, strike the period and insert in lieu thereof "; and".
- On page 4, after line 25, insert the following new paragraph to read:
 "(12) work toward a self-directed care option in the disabled and elderly and the developmentally disabled medicaid waiver programs, subject to appropriation and availability of federal and state funds.".,

The last is the only substantive change which adds an additional task to be accomplished. Successful completion of so many assignments without an appropriation may be difficult.

Synopsis of HAFC Amendment

The House Appropriations and Finance Committee amendment deletes the \$500,000 appropriation. There are clearly costs associated with the studies, analyses and work defined in the bill. If the tasks are addressed, the cost will have to be absorbed in existing budgets.

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment makes a variety of language and grammatical changes that do not change the intent or potential result of the bill. One new section is added on page 5, between lines 8 and 9 and reads:

“D. 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

House Bill 412 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 had an emergency clause

Significant Issues

The analyses and pilot projects required by HB 412 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.

HB 412 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, HB 412 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:njw