

NOTE: As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR: Jennings DATE TYPED: 02/14/03 HB _____

SHORT TITLE: Medicaid Reimbursement & Eligibility SB 405

ANALYST: Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
			\$1,513.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$4,486.0		Recurring	Federal Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From
Human Services Department

SUMMARY

Synopsis of Bill

SB 405 would add a new section to the Public Assistance Act entitled "Medicaid Payment Rates for Physicians." Under this provision, for FY 2004, the Human Services Department shall provide reimbursement for physicians participating in the Medicaid program in an amount equal to one hundred twenty-five percent of the Medicare reimbursement rate. On July 1, 2004 and on July 1 of each subsequent year, the Department shall increase the reimbursement rates. The annual percentage increase shall not be less than the percentage increase provided by the Department in the previous fiscal year for managed care organizations in the Medicaid managed care system.

SB 405 also would add to those eligible for Medicaid by including a member of a benefit group if the benefit group's income is below one hundred percent of the federal poverty guidelines.

Significant Issues

Children are currently eligible for Medicaid in benefit groups with incomes up to 235% FPL. Pregnant Women are eligible up to 185% FPL. Parents or other specified relatives in budget groups with incomes up to 85% FPL are eligible to receive Medicaid under the JUL Medicaid category. This bill would provide Medicaid eligibility for those parents or specified relatives who are not receiving cash assistance and whose benefit group's income is between eighty-five percent and one-hundred percent of the federal poverty guidelines.

Currently, there are approximately 577 budget groups with children receiving Medicaid, between 85% FPL and 100% FPL, in which there are 647 adults.

The Medicaid program has not historically increased physician rates on an annual basis. When the physician fees were increased in fiscal year 2001 (FY 01), an appropriation was provided to the Department to cover the increase. Currently, Medicaid reimburses physicians at a higher rate than Medicare for most services.

SB 405 requires that the Department increase physician rates each year after 2004 at not less than the percentage increase provided by the Department in the previous fiscal year for managed care organizations in the Medicaid managed care system. Increases in the managed care contracts are negotiated whenever new contracts are being developed.

FISCAL IMPLICATIONS

The total fiscal impact of SB 405 is \$1,513.0 in general fund and \$4,486.0 in federal funds.

It is estimated that 647 individuals will become eligible as a result of this legislation. The cost of coverage for FY 2004 would be \$2,181.0, with \$550.0 in general fund and \$1,631.0 in federal funds.

A sample of commonly used procedure codes indicate physician expenditures would increase by approximately 11%. Based on FY04 Medicaid projections for physician services, this would amount to \$3,818.0 requiring a general fund match of \$963.0.

SB 402 does not contain an appropriation to offset these additional expenditures.

ADMINISTRATIVE IMPLICATIONS

Changes would be required of ISD2 eligibility system, as well as the Medicaid Management Information System (MMIS). An additional appropriation would be necessary for these changes.

MW/sb:ls:pr