

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 533** HLS 13RS 926

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 19, 2013	4:11 PM	Author: KLECKLEY
Dept./Agy.: DHH		Analyst: Shawn Hotstream
Subject: Provider fees		

FUNDS/FUNDING

RE SD EX See Note

Page 1 of 2

(Constitutional Amendment) Creates the Medical Assistance Trust Fund as a constitutional fund, creates accounts for each provider group paying fees into the fund, and provides for uses of the fund

Proposed Constitutional Amendment creates the Medical Assistance Trust Fund (MATF) as a constitutional fund, and requires the treasurer to establish separate accounts within the fund for each healthcare provider group in which fees are collected according to current law. Any monies collected from those provider groups (nursing home provider, pharmacy providers, and ICF/DD providers) and interest earned on those monies shall be deposited into the account created for such provider group. Proposed amendment further provides that the legislature shall annually appropriate monies from the fund necessary to provide for the Medicaid rates no less than the average Medicaid rates established for FY 13-14, and adjusted annually by establishing a rate of inflation (not negative), to be applied to the base rates to establish the new base rate for the next fiscal year for each provider group that pays monies into the fund. Proposed amendment provides for limited conditions in which the base rate paid to these providers can be cut.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	SEE BELOW					
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed constitutional amendment provides a floor on funding levels (reimbursement rates) in future fiscal years for nursing home providers, pharmacy providers, and ICF/DD providers, that is based on FY 13/14 funding rates and is increased annually by establishing a rate of inflation (which shall not be negative). The established base rate and annual rate enhancement applies only to the specific provider groups that pay fees into the MATF. The actual inflation factor is not specified in this measure, therefore any projected growth in payments for each provider is indeterminable. To the extent provider fee collections remain the same on an annual basis and the rates are increased by some amount through the payment formula, additional State General Fund match resources may be required.

Additionally, this measure provides limitations relative to future provider rate cuts, specifically by eliminating the ability to make targeted cuts to the specific providers that are currently assessed a provider fee. The governor may only cut the established base rates if a reduction is consented to in writing by two-thirds of the elected members of each house (while the legislature is in session), and the reduction does not exceed the average reduction applied to other Medicaid providers. If the legislature is not in session, the reduction must be approved by two-thirds of the members of the Joint Legislative Committee on the Budget. The fiscal note assumes the average reduction language represents an average percentage cut.

See page 2

REVENUE EXPLANATION

Proposed Constitutional Amendment requires the treasurer to create separate accounts within the MATF fund by provider group. Creating accounts to capture nursing home provider fees, pharmacy provider fees, and ICF/DD provider fees, including interest earned on such fees, does not increase aggregate fees generated to the MATF on an annual basis. This measure simply separates revenues collected from each provider group into an individual account for that provider group, and requires payments to the specific providers from the specific account. Any other funds deposited into the MATF would be deposited into a general account.

For illustrative purposes, the MATF is projected to receive approximately \$123,423,470 in FY 14 (fees generated on providers under current law), and will be used as a state match source to draw federal match for Medicaid claims payments. Under this measure, the funds generated from the various providers would be separated and placed in sub accounts in the treasury as as reflected in the table below.

Provider Group	<u>Nursing Homes</u>	<u>ICF/DD</u>	<u>Pharmacy</u>	<u>Total</u>
Provider Fees	\$90,566,376	\$24,416,084	\$8,441,010	\$123,423,470

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

John D. Carpenter
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

Page 2 of 2

Expenditure Explanation: Continued

The proposed constitutional amendment provides that the proposition be submitted to voters at the November 4, 2014 election, or the first statewide election occurring after the adoption of this Joint Resolution. The November 4, 2014 election is a statewide election, when all precincts in the state are scheduled to be opened. As a regular practice, the Secretary of State budgets for up to 10 constitutional amendments for the fall statewide elections.

Senate

Dual Referral Rules

House

- | | |
|--|--|
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Handwritten signature of John D. Carpenter.

John D. Carpenter
Legislative Fiscal Officer