LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 392** HLS 13RS 1018
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 7, 2013 3:27 PM
Author: BISHOP, STUART
Dept./Agy.: DHH Medicaid
Subject: Medicaid Managed Care credentialing
Analyst: Shawn Hotstream

MEDICAID EG INCREASE GF EX See Note

Provides relative to credentialing and claims payment functions of managed care organizations participating in the La. Medicaid coordinated care network program

Proposed law provides for standardized credentialing (provider enrollment), and further provides for timelines related to credentialing.

Proposed law provides for reimbursement of contracted rate to certain non credentialed providers pending credentialing, and to recoup payments in the event that the provider is not credentialed.

Proposed law requires any claim payment to a provider by an MCO or FI to be accompanied by an itemized accounting of the individual services represented on the claim (including enrollees name, claim number, CPT code for each procedure), and additional information when the MCO is the secondary payor.

Proposed law requires that each MCO shall compensate at a minimum the Medicaid fee for service rate in effect on the dates of service for all primary care services rendered to a newborn Medicaid beneficiary by a non participating Medicaid provider within the first thirty days of the beneficiary's birth.

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

EXPENDITURE EXPLANATION

This measure requires managed care plans to standardize the provider enrollment process, and requires managed care plans to compensate the Medicaid fee for service rate for all primary care rendered to a newborn by a non participating Medicaid plan provider. Additional administrative and medical costs are estimated to be incurred by the health plans. The fiscal note assumes these cost will be passed on to DHH in the form of increased per member per month (PMPM) payments. This is based on DHH requirements to pay Bayou Health prepaid plans an actuarially sound rate reflective of health plan expenses (including administration costs). DHH contracted actuaries provide DHH with a certified rate range, from which DHH chooses where within the range to set plan rates. Any changes in the plan costs are anticipated to increase (or bump) the rate range. The specific costs of this measure are itemized and reflected below and on page 2.

$1,619,808 - All Medicaid MCO's (Bayou Health Shared and Prepaid plans and the LBHP) must use one of two standard application forms for plan choice, notify applicants of any required information that is missing from the application at 30 and 60 days after receiving the application, and complete the credentialing process within 90 days of receiving all required information. Each MCO is projected to increase administrative cost to monitor workflow relative to application submission, information requests, and process completion, systems development and maintenance to track and report on workflow, and additional mailing (provider notices at required intervals to ensure timeline requirements). Plan costs are assumed to be passed on to DHH in the form of increased per member per month payments (PMPM's) to the plans, as PMPM's include administrative costs.

$ 1,780,192 - All Medicaid MCO's will be required to pay contracted rates to certain providers pending credentialing within 30 days of receiving a written request. Plans must recover the difference between non contract rates and contract rates paid when the provider's credentialing application in denied. Each MCO is anticipated to incur additional administrative costs to comply. Costs include systems development and maintenance to provide for payment of non-credentialed providers and recovery of payments to providers denied for credentialing. Plan costs are assumed to be passed on to DHH in the form of increased PMPM payments to the plans, as PMPM's include administrative costs.

$1,200,000 - Each MCO is projected to incur a one time expense for systems changes in FY 14 to standardize claim payment information. Plan costs will be passed on to DHH in the form of increased PMPM payments to the plans, as PMPM's include administrative costs.

See page 2

REVENUE EXPLANATION

The revenue table above reflects an increase in federal financial participation associated with increased PMPM payments for prepaid plans and increased administrative fee for the shared plans at a match rate of 62.96%.

Senate Dual Referral Rules House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H} [ ] 6.8(F) >= $500,000 Annual Fiscal Cost {S}

[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H} [ ] 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:

Expenditure explanation: continued

Note: This measure further requires all Medicaid managed care organizations (MCO's) to pay at least the Medicaid fee for service rate for all primary care services provided to a newborn by a non participating Medicaid provider within the first 30 days of birth, without regard to contracting status. Health plans medical costs are projected to increase by some indeterminable amount. Plans will be required (not optional) to pay all primary care services (not just providers) without regard to contracting status at the Medicaid rate without plan authorization.

Senate Dual Referral Rules House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
[ ] 6.8(F) >= $500,000 Annual Fiscal Cost {S}
[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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