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FISCAL IMPACT REPORT

SPONSOR:	Jennings	DATE TYPED:	1-26-00	HB	
SHORT TITLE:	Health Care Practitioners' Reimbursements			SB	17
				ANALYST:	Taylor

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
N.A.	\$ 5,000.0	N.A.	\$ 841.0	Recurring	General Fund
N.A.	\$ 14,216.0	N.A.	\$ 2,369.0	Recurring	Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB-2, SB-2

SOURCES OF INFORMATION

Human Services Department (HSD)

LFC files

SUMMARY

Synopsis of Bill

Senate Bill 17 requires the Human Services Department to increase health care practitioners' reimbursement rates for providing Medicaid services. The new rates would be no less than the rates paid by Medicare Part B for those services. Health care practitioner rates covered by the bill include those for physicians, dentists, optometrists, podiatrists, advanced nurse practitioners and psychologists.

The bill exempts managed care contracts from the rate increase requirements.

Significant Issues

- The Human Services Department (HSD) reports that increasing reimbursement rates will likely increase access to care for Medicaid clients by increasing the number of practitioners willing to accept Medicaid clients.
- HSD notes that the language excluding practitioners working under managed care contracts will result in different fees for the same procedures, and will increase the administrative costs. They note that the Medicaid managed care contracts require the managed care organizations to pass on 100 percent of fee increases.
- HSD reports that their study of the cost of increasing rates was based upon the "Medicare Fee Schedule for Current Procedural Terminology" codes, which includes services provided by physicians, mid-level practitioners employed by physicians, optometrists, podiatrists and radiologists. The study did not include dental services as they are not covered by Medicare. Psychologists' rates were not included because their services are not included in the Medicare fee codes. The rates for advanced practice nurses billing independently from a physician would not be covered as department regulations fix their rates at 90 percent of those for physicians, according to the department.

- Tying health care practitioners' rates to medicare Part B will automatically require increases in future years when the federal government increases its rates.

FISCAL IMPLICATIONS

The bill appropriates \$5 million from the general fund, which will leverage \$14.2 million in federal funds for the purpose of increasing reimbursement rates. However, the Human Services Department analysis reports that their study indicates that \$5.84 million is needed to increase Medicaid rates to the level of Medicare rates in the year 2000. (Note: the additional \$84 thousand would leverage \$2.4 million in federal funds.) Furthermore, they note that their study only covered providers and services covered by the Medicare fee schedule, while the bill covers additional providers.

ADMINISTRATIVE IMPLICATIONS

HSD reports that the bill would have a minor administrative impact.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Language in Senate Bill 2 and House Bill 2 include language increasing physician rate increases to 90 percent of Medicare rates.

BT/gm