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FISCAL IMPACT REPORT

SPONSOR: Knauer DATE TYPED: 3-02-01 HB 845
 SHORT TITLE: Medical Assistance Appeals Act SB _____
 ANALYST: Taylor

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	NFI		See Text		

Duplicates/Relates to Appropriation in The General Appropriation Act HB 846, S135, SB 724

SOURCES OF INFORMATION

Human Services Department (HSD)
 Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Bill 845 would transfer responsibility for the Medicaid program from the Human Services Department (HSD) to the Department of Health (DOH). It would thus transfer the Medical Assistance Division (MAD), which administers the Medicaid and State Children’s Health Insurance Program (SCHIP), from HSD to DOH. It also enacts the Medical Assistance Appeals Act to allow applicants or recipients of medical assistance to request a hearing if the person’s application is not acted upon within a reasonable time, is denied or the assistance or services are modified, terminated or not provided. The Medical Assistance Appeals Act provides that MAD would establish rules and procedures for hearing requests and procedures. It also establishes a process for appealing hearing decisions to the district court.

FISCAL IMPLICATIONS

The fiscal implications for this bill should be limited provided HSD and DOH cooperate in transferring MAD from HSD to DOH. Cooperation would include creating a protocol or agreement as to how HSD Income Support Division would continue to process Medicaid applications. Since this is something that they already do, no extra work would be implied. There would also have to be discussion and eventual agreement about possibly transferring program support staff that work on the medical assistance program to DOH. The enactment of the Medical Assistance Act is assumed to be absorbed by current staff as the bill forbids additional expenditure and the HSD bill analysis did not suggest any additional expenditure would be needed.

ADMINISTRATIVE IMPLICATIONS

The transfer would require cooperation between HSD's Income Support Division and the DOH regarding the application process.

OTHER SUBSTANTIVE ISSUES

As of March 2, 2001, the Department of Health had not submitted a bill analysis for HB 845. One was requested on February 15, 2001. Implications for that department thus are not addressed.

HSD's bill analysis reported the following significant issues:

Section 3 of HB 845 would designate DOH as "the custodian of all money received by the state which the department is authorized to administer." HB 845 would contravene 42 C.F.R. 431.10, which implements Section 1902(a)(5) of the Social Security Act, providing for designation of a single state agency in the State Medicaid Plan to administer and supervise the State Medicaid Plan and to obtain federal matching funds for the state's Medicaid program. HB 845 would also contravene 9-8-12 NMSA 1978, which designates HSD as the single state agency authorized to administer the state's Medicaid program and obtain federal matching funds for that program.

Section 5 of HB 845 would amend 27-2-3 NMSA 1978 to provide that the Human Services Department be charged with the administration of all welfare activities of the state, except for the Medicaid program. This amendment would contravene federal regulations. Under 42 C.F.R. 431.10(e)(1), the single state Medicaid agency is not permitted to delegate, to other than its own officials, the authority to: "(1) Exercise administrative discretion in the administration or supervision of the plan, or (2) Issue policies, rules, and regulations on program matters." 42 C.F.R.(e)(3) provides that if other state agencies perform services for the Medicaid agency, they must not have the authority to change or disapprove any administrative decision of the Medicaid agency, or otherwise substitute its judgment for that of the Medicaid agency with respect to the application of policies, rules, and regulations issued by the Medicaid agency.

Further, the State Medicaid Plan certifies that HSD is the single state agency responsible for the administration of the Plan on a statewide basis, pursuant to Section 3, Chapter 252, Laws 1977. The State Medicaid Plan would have to be revised, with the approval of the Health Care Financing Administration (HCFA), to designate DOH as the single state Medicaid agency. Similarly, Section 9-8-12 NMSA 1978 would have to be revised to provide the necessary statutory basis to designate DOH as the single state Medicaid agency.

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