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FISCAL IMPACT REPORT

SPONSOR: Madalena DATE TYPED: 03/01/01 HB 865

SHORT TITLE: Medicaid Managed Care for Native Americans SB

ANALYST: Taylor

APPROPRIATION

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

Duplicates SB 812

SOURCES OF INFORMATION

Human Services Department
Health Policy Commission

SUMMARY

Synopsis of Bill

House Bill 865 makes several changes to the Medicaid managed care program as it relates to Native Americans including:

1. Medicaid eligible Native Americans are excluded from the department's automatic enrollment in managed care; Native Americans would be included in managed care only if they so choose.

2. Native Americans enrolled in managed care would be allowed to disenroll at any time. Rules limiting when a person can opt out of a managed care organization would not apply to Native Americans.

3. Native Americans who choose to be part of the managed care system but who have not selected a specific managed care organization would automatically be enrolled in a Native American managed care organization should such an organization becomes a managed care provider.

4. HSD is authorized to enter into joint powers agreement with a managed care organization that is developed and controlled by either the Navajo Nation or a consortium of tribal governments.

FISCAL IMPLICATIONS

The Human Services Department reports that the bill would increase costs to the Medicaid program. However, they provide no rationale for the claim and make no attempt to quantify the supposed increased costs.

Given that any new Native American managed care organization's capitated rates would be determined on an actuarial basis, it should make little difference which organization they choose to enroll with. Furthermore, it seem that the Native American managed care organization would have to meet the upper payment test that other managed care organizations face. Thus, it is difficult to understand why costs should increase. (The upper payment limit test is a key part of the Medicaid managed care waiver; it essentially requires that managed care organizations show that they are cost effective relative to cost on a fee-for-service basis). Again, if the department has some evidence or reasoning that can explain their assertion that the bill will increase costs, they should quantify and explain them.

ADMINISTRATIVE IMPLICATIONS

HSD reports that the bill would require revisions to their managed care policies, changes to capitated rates and possible amendments to HSD contracts with the Medicaid managed care organizations.

BT/sb