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## FISCAL IMPACT REPORT



SPONSOR: Lujan DATE TYPED: 02/12/02 HB 355/aHAFC

SHORT TITLE: Medicaid in Schools SB \_\_\_\_\_

ANALYST: Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$1.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

Responses Received

Human Services Department (HSD)  
State Department of Education (SDE)

### SUMMARY

Synopsis of HAFC Amendment

The House Appropriation and Finance Committee amendment appropriates \$1.0 from the general fund to the Human Services Department for the purpose of implementing a computerized rapid front-end enrollment, eligibility, case management, collection and payment system that aligns Medicaid in the Schools providers with federal guidelines and audit requirements. The previous amount appropriated was \$20.0.

Synopsis of Bill

House Bill 355 appropriates \$20.0 from the general fund to the Human Services Department for the purpose of implementing a computerized rapid front-end enrollment, eligibility, case management, collection and payment system that aligns Medicaid in the Schools providers with federal guidelines and audit requirements.

Significant Issues

SDE reports that the system is currently in use by several Medicaid in the Schools (MITS) providers. The system allows for all MITS providers to submit documentation and billing information electronically, which would reduce the paper submission and possibly increase response time for claims to be paid to the providers. In addition, SDE indicates that it provides a system for payment accountability and aligns the state MITS program with federal guidelines and audit requirements.

Conversely, HSD notes that HB 355 duplicates existing software and if enacted, the Medicaid staff would be required to devote time to the development of computer software. According to HSD, the Medicaid program will introduce a new software system in February 2002, called "OmniCaid." Many years of work and significant funding have gone into development of this new software, which HSD mentions, is a state-of-the-art Medicaid information management system. This system will provide necessary services to all Medicaid providers. The new OmniCaid system will be available to all school-based providers.

**FISCAL IMPLICATIONS**

The appropriation of \$20.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 03 shall revert to the general fund. The amount of funds requested does not appear to be sufficient for the development of a new software package and administration of the software.

SDE states that currently school districts/MITS providers are required to pay a fee to receive information on eligibility confirmation. The system, being electronic, would allow school districts to receive this information free of charge and on an ongoing basis.

The Human Services Department collects 5% from MITS providers for administration of the program. In 1999-2000, the 5% administration payments from MITS providers totaled \$794.2. SDE suggests that the Human Services Department may be able to utilize the 5% administration claims for administration of this system.

**ADMINISTRATIVE IMPLICATIONS**

HB 355 would require the Medicaid program to implement a new processing claims software package. Staff would also be required to train providers to use new software and trouble-shoot related problems.

**TECHNICAL ISSUES**

HB 355 does not include a definition of the term "front-end enrollment."

**OTHER SUBSTANTIVE ISSUES**

HSD states that the Medicaid program has not had any problems in payment of direct service claims for school providers. However, there are "outstanding issues" relative to the processing of payment claims between HSD and SDE that need to be addressed.

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HSD indicates that the new software would allow providers access to confidential Medicaid information and this would violate federal confidentiality standards for medical information.

**POSSIBLE QUESTIONS**

Will HSD charge SDE for use of the new OmniCaid system (5% administration claims for administration of this system)?

BD/njw:ar