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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Campos/Ingle</u>	<b>LAST UPDATED</b> _____
	<b>ORIGINAL DATE</b> <u>3/1/23</u>
<b>SHORT TITLE</b> <u>Emergency Medical Medicaid Reimbursement</u>	<b>BILL NUMBER</b> <u>Senate Bill 463</u>
	<b>ANALYST</b> <u>Esquibel</u>

### APPROPRIATION\* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$75.0	Recurring	General Fund

Parentheses ( ) indicate expenditure decreases.  
\*Amounts reflect most recent analysis of this legislation.

Relates to appropriation in the General Appropriation Act

### Sources of Information

LFC Files

Responses Received From  
Human Services Department (HSD)

## SUMMARY

### Synopsis of Senate Bill 463

Senate Bill 463 would appropriate \$75 thousand from the general fund to the Human Services Department (HSD) to carry out the provisions of the bill.

SB463 would establish a Medicaid cost-based supplemental reimbursement program for eligible public emergency medical services providers, creating an alternative Medicaid upper payment limit reimbursement program for private emergency medical services providers.

Under the provisions of the bill, an eligible public emergency medical services provider's supplemental reimbursement would be subject to the following conditions:

- The supplemental reimbursement shall be equal to the amount of federal financial participation based on claims and emergency medical services costs;
- Eligible public emergency medical services providers shall not be reimbursed for more than 100 percent of the eligible public emergency medical services provider's actual costs;
- The supplemental reimbursement shall apply to the emergency medical services transportation costs that are reimbursed by Medicaid fee-for-service and Medicaid

- managed care programs;
- The supplemental reimbursement shall be distributed to eligible public emergency medical services providers through a federally permissible cost-basis methodology, which includes the per-transport cost-basis;
  - As a condition of receiving supplemental Medicaid reimbursement, each eligible public emergency medical services provider shall enter into an agreement with HSD to reimburse the department for administrative costs related to providing supplemental reimbursement pursuant to this section; and
  - Each eligible public emergency medical services provider shall reimburse the state for any additional costs incurred due to the provision of supplemental reimbursement to the eligible public emergency medical services provider.

The bill directs HSD to promptly seek necessary federal approvals for the implementation of the act.

## **FISCAL IMPLICATIONS**

The appropriation of \$75 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

SB463 is unclear on what the appropriation of \$75 thousand would be used for. Possible applications of the funding include to support supplemental payments to public emergency medical services providers to cover administrative expenses of implementing the certified public expenditure process and establishing an upper payment limit for private medical emergency services providers. The federal Medicaid administrative match for these dollars is 50 percent, resulting in a total of \$150 thousand.

The General Appropriation Act, HB2, as passed out of the House, includes sufficient funding to fund a provider rate increase of 18 percent for nonemergency medical transport and 42 percent for emergency transport to raise the Medicaid reimbursement rates for both these services up to 100 percent of the Medicare reimbursement rates.

HSD reports to administer and implement the provisions of the bill it would have the following potential costs: 1) auditing and reconciliation of cost reporting, 2) development of average commercial rate for payment rates, and 3) development of fee-for-service rates. In addition, HSD will have fiscal impact costs associated with the contracted actuary (Mercer) completing the following: 1) build the program into capitation rates, 2) Medicaid managed care organization (MCO) payment evaluation for actuarial soundness, 3) federal Centers for Medicare and Medicaid Services (CMS) rate certification, and 4) MCO rate reporting template and review. The fiscal impact cost of these items cannot be determined at this time but HSD reports it will be significant.

## **SIGNIFICANT ISSUES**

HSD reports a problem with the bill's provision that participation in the cost-based supplemental Medicaid reimbursement program be voluntary for eligible public emergency medical services providers. The federal CMS will require HSD to create a class of providers for the purpose of

this program and they will not allow HSD to exclude providers from supplemental payment based on paying a certified public expenditure (CPE) or inter-governmental transfers (IGT) to HSD. Hence this supplemental payment would have to be applicable to all publicly owned and operated, or contracted EMS providers regardless of whether they pay into the CPE/IGT. This will result in the pool of funds to be paid out to all providers identified in this classification, not just the providers doing cost reporting and participating in CPE and IGT. [CMCS Informational Bulletin \(medicaid.gov\)](#)

Under the provisions of the bill, HSD notes it would be challenging to ensure equitable application of supplemental reimbursement across providers due to multiple challenges to include voluntary participation, lack of CPE or IGT mechanisms for private entities, and reporting cost of EMS services.

## **ADMINISTRATIVE IMPLICATIONS**

HSD reports the bill would require changes to the claims processing IT system, edits in the MMIS IT system, and changes in MCO's systems. The cost impact is currently unknown.

HSD reports supplemental payments that include cost reporting, CPE, and/or IGT are highly administratively burdensome and will need substantial staff time and contract support to develop and implement cost reporting in compliance with CMS guidelines.

## **TECHNICAL ISSUES**

The bill provides for a public and private emergency medical service (EMS) provider supplemental payment. HSD notes there is no mechanism for a private entity to provide a certified public expenditure (CPE) or inter-governmental transfer (IGT) to HSD.

HSD reports the bill states the eligible EMS providers shall reimburse that state for administrative costs but does not set a given percentage.

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