

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 4, 2015

Agency Submitting: Department of Health and Human Services, Division of Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
BA 3243 Cat 14 MAABD (Expense)		\$131,030,704	(\$17,892,989)	(\$37,586,038)
BA 3243 Cat 15 Waiver (Expense)		\$8,674,650	(\$1,159,138)	(\$2,434,886)
Total	0	\$139,705,354	(\$19,052,127)	(\$40,020,924)

Explanation

(Use Additional Sheets of Attachments, if required)

The agency has reviewed the bill and determined that there is a fiscal impact in the biennium. The fiscal impact is based on the assumption of a July 1, 2015 effective date. Fee-For-Service (FFS) costs are paid retrospectively with a lag of up to 12 months for providers to bill for services. Managed Care monthly capitated premium payments are paid on a prospective basis at the beginning of each month. This creates a negative cash flow for the Division in the first year of the biennium. Even though monthly Managed Care Costs are projected to be 2.6% lower than the FFS costs the Division will have to pay the FFS claims billing lag, known as the claims tail, while paying for the monthly MCO premiums. This creates a need of additional funds in SFY 2016 with a small savings in SFY 2017 and thereafter. In addition, it is assumed County Match recipients are included in the mandatory enrollment into Managed Care Plans and therefore, the counties would have the same cash flow issue on a smaller scale. It should also be noted that in the opinion of the Division's actuary, it is difficult for a Managed Care Organization Plan to generate savings for recipients that are enrolled in both Medicare and Medicaid, known as the dual eligible population, because Medicare is the primary pay source and Medicaid secondary. Approximately 75% of the Aged, Blind and Disabled population are dual eligible. With that said, certain Medicaid services, such as Home and Community Based Services and Habilitation services, are not covered by Medicare. Therefore, there are potential savings through the MCO Plans for these services for the dual eligible population.

Name Leah Lamborn

Title ASO IV

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Saturday, April 04, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 38-769 AB310

Name of Agency: DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)

Division/Department: DIVISION OF HEALTH CARE FINANCING AND POLICY (DHCFP)

Date: 1-Apr-15

BDR 38-769 AB310 would require DHHS to provide services through a Medicaid managed care program to persons who are aged, blind or disabled who reside in a county whose population is 100,000 or more (currently Clark and Washoe Counties). The Department is would be required to apply for any waiver or amendment to a waiver necessary to provide services to such persons through a Medicaid managed care program.

The total impact for the SFY 16, 17 biennium is estimated to be \$ 120,653,227

The total impact for the SFY 18, 19 biennium is estimated to be \$ (40,020,924)

The **"1C - Medical Expenditures" tab** in this workbook displays estimated change in medical expenditures as a result of adding MAABD recipients to a managed care program.