BDR 40-637
AB 277

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 14, 2023

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

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Medical Services (Expense)		$1,852	$10,852	$21,704
System Costs (MMIS) (Expense)		$69,440		
Total	0	$71,292	$10,852	$21,704

Explanation (Use Additional Sheets of Attachments, if required)

The Division has reviewed this BDR and determined that it can absorb the nominal fiscal impact associated with the changes, including system costs.

Name Stacie Weeks

Title Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Tuesday, March 14, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director

FN 6238

Fiscal Impact Analysis

Division of Health Care Financing and Policy
Creating REH Provider Type
Analysis Summary

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	$0	$0	$0	$0
FY23	$0	$0	$0	$0
Total	$0	$0	$0	$0

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	$1,852	$1,412	$439	$1
FY25	$10,852	$8,220	$2,627	$5
Total	$12,704	$9,632	$3,066	$6

Description of Budget Concept

Project the fiscal impact for creating new Rural Emergency Hospital (REH) Provider Type and increasing reimbursement rates for such facilities by 5% over existing payments.

Methodology

1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for provider type/service 12 for the one provider interested in transitioning from Critical Access Hospital (CAH) to REH:

SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount

2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.

3) Total PT 12 expenditures were captured in the reports described in step 1. Increased these expenditures by the 5% required for REH. In conversations with NRHP about REH PT, it was explained only one provider would be interested in converting from a CAH to REH. Therefore the projected expenditures were limited to this provider. Please note that Medicare proposes to also issue facility payments to REHs at an estimated cost of $268,294 per month ($3,219,528 per facility annually). However, it is unclear if state Medicaid programs would also be required to make monthly facility payments. If so, costs to the state will be higher; however, the state may want to develop its own payment structure for monthly facility payment which may be less than the Medicare amounts.

4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.

5) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).