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Fiscal Note

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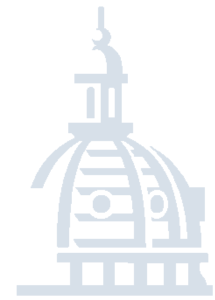

SF 2213 – Medicaid Program Improvement (LSB5711SV.1)
Analyst: Jess Benson (Phone: 515-281-4611) (jess.benson@legis.iowa.gov)
Fiscal Note Version – As amended and passed by the Senate

Description

Senate File 2213, as amended and passed by the Senate, is a comprehensive Medicaid oversight bill that includes the following changes:

- Provides additional duties to the Legislative Health Policy Oversight Committee and requires a minimum of four meetings annually.
- Creates an Executive Branch workgroup to review Medicaid program integrity activities. The workgroup is required to provide findings and recommendations to the Governor and General Assembly by November 15, 2016.
- Creates a Medicaid Reinvestment Fund for the deposit of savings related to and realized from Medicaid managed care. The Fund requires an initial contribution of $5.0 million from each of the three Managed Care Organizations (MCOs). Moneys in the Fund are subject to an appropriation by the General Assembly for the Medicaid program.
- Provides additional duties and authority to the Office of Long-Term Care Ombudsman relating to providing advocacy services and assistance for Medicaid recipients who receive long-term services and supports.
- Prohibits willful interference with a representative of the Office of Long-Term Care Ombudsman in the performance of official duties and sets penalties.
- Updates the membership and duties of the Medical Assistance Advisory Council (MAAC) and the executive committee of the MAAC. The bill also provides for the creation of subcommittees of the council relating to stakeholder safeguards; long-term services and supports; transparency, data, and program evaluation; program integrity; and health workforce.
- Directs the Patient-Centered Health Advisory Council to assess the health resources and infrastructure of the state to recommend more appropriate alignment with changes in health care delivery and the integrated, holistic, population health-based approach to health and health care. The council is also required to assist in efforts to evaluate the health workforce to inform policymaking and resource allocation. The council is required to submit a report to the Department of Public Health and the Legislative Health Policy Oversight Committee on or before December 15, annually, beginning in 2016.
- Directs the Department of Human Services (DHS) and other appropriate entities to undertake specific tasks relating to Medicaid program policy improvement in the areas of consumer protection; children; provider rates; provider participation enhancement; capitation rates and medical loss ratio; and data and information, evaluation, and oversight.

Assumptions

- The workgroup charged with reviewing program integrity will contract for additional time with Iowa Medicaid Enterprise vendors for support.
- The provision requiring the contribution of $5.0 million by each of the three MCOs to the Medicaid Reinvestment Fund is unlikely to be approved by the Center for Medicaid Services (CMS) according to the DHS. In order to comply with CMS guidelines, this estimate assumes a broad-based provider tax on all MCOs in Iowa that will generate the same $15.0 million amount.

- The Office of the Long-Term Care Ombudsman will add three full-time equivalent (FTE) positions to fulfill the new duties and reporting requirements codified in the bill, including: an Accountant III, an Administrative Assistant II, and a Program Planner II.
- Additional duties of the MAAC may require the DHS to contract for additional professional expertise. The estimate assumes 200 hours of work for the four MAAC subcommittees annually at an average rate of $175 per hour.
- The provision requiring a comprehensive provider credentialing process, National Committee for Quality Assurance (NCQA) standards, will require 12 additional staff for one year and ongoing NCQA fees and operational costs.
- All administrative activities performed by the DHS are matched with a 50.0% Federal Medical Assistance Percentage (FMAP) rate.
- All services, specifically provider rate increases in the bill and savings, are matched with a 56.28% federal FMAP rate.

Fiscal Impact

SF 2213 is estimated to cost the General Fund $27.5 million in FY 2017 and $34.5 million in FY 2018 (see table below for details). If approved, the $15.0 million generated by the provider tax could be used to offset other costs associated with the fiscal note. The fiscal impact may be reduced by $914,000 in both FY 2017 and FY 2018 if the DHS does not contract for the additional professional services and program evaluation through the MAAC. The language providing an annual hospital provider rate increase will increase costs by 3.0% year-over-year in perpetuity.

Estimated Fiscal Impact - Medicaid Program Improvement

Bill Section	Activity	FY 2017	FY 2018
Sec. 4	Program Integrity Workgroup	$ 3,400	$ 3,400
Sec. 5	Managed Care Organization Collection	5,500,000	5,500,000
Sec. 6	Ombudsman Activities	360,000	337,000
Sec. 8	MAAC Consulting Costs (200 hrs X $175/hr) and 50% federal	17,500	17,500
Sec. 8	MAAC Evaluation Costs	900,000	900,000
Sec. 9	Additional Meetings Patient-Centered Advisory Council	2,000	2,000
Sec. 12.2	Single Case Agreement Provisions	unknown	unknown
Sec. 12.1	Verification of Services	100,000	100,000
Sec. 12.3	Critical Access Hospital Reimbursement	4,000,000	4,000,000
Sec. 12.3	3.0% Hospital Provider Rate Increase	-	7,400,000
Sec. 12.3	CHMC Cost Based Reimbursement	1,200,000	1,200,000
Sec. 12.4	Additional 2.0% Withhold State Share	14,700,000	14,700,000
Sec. 12.5	Provider Credentialing Process	691,000	346,000
	Total State Cost	**$ 27,473,900**	**$ 34,505,900**

Sources

Department of Public Health
Department of Human Services
Office of the State Long-Term Care Ombudsman

/s/ Holly M. Lyons

March 17, 2016

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the LSA upon request.