



[HF 2462](#) – Medicaid Efficiency (LSB5317HV)
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Fiscal Note Version – New

Description

[House File 2462](#) makes the following changes related to both the Medicaid and healthy and well kids in Iowa (hawk-i) programs.

Division I transfers the capitation process and member premium collection from the administrative contractor to the Department of Human Services (DHS).

Division II requires the DHS to suspend Medicaid eligibility of an individual following the first 30 days of the individual's commitment to a public institution. The Division also requires a public institution to provide a monthly report of the individuals who are committed to the institution and of the individuals who are discharged from the public institution to the DHS and to the Social Security Administration. Any Medicaid expenditures, including but not limited to monthly managed care capitation payments, provided on behalf of an individual who is an inmate of a public institution but is not reported as required, shall be the financial responsibility of the respective public institution.

Division III states that it is the intent of the General Assembly to promote the effective and efficient administration of the Medicaid Program through data-driven policymaking and provider oversight.

Division IV eliminates the various copayments for a covered prescription drug under the Medicaid Program based upon the prescription drug's status, and instead requires Medicaid recipients to pay a copayment of \$1 on each prescription filled for a covered prescription drug, including each refill of such prescription.

Division V directs the Executive Committee of the Medical Assistance Advisory Council (MAAC) to review data collected and analyzed in periodic reports to the General Assembly to determine which data points should be included and analyzed to more accurately identify trends and issues with, and promote the effective and efficient administration of, Medicaid managed care for all stakeholders. The Executive Committee is required to report its findings and recommendations to the MAAC for review and comment by October 1, 2018, and to submit a final report to the Governor and the General Assembly by December 31, 2018.

Division VI amends the reimbursement provision for targeted case management (TCM) services under the Medicaid Program, which is currently established as a cost-based reimbursement for 100.0% of the reasonable costs for provision of the services. Under the Bill, effective July 1, 2018, targeted TCM services will be reimbursed based on a statewide fee schedule developed by rule. This Division also amends the reimbursement provision for psychiatric medical institutions for children (PMIC) to provide that inpatient psychiatric services for individuals under 21 years of age that are provided by non-State-owned providers shall be reimbursed according to a fee schedule without reconciliation, and for State-owned providers shall be reimbursed at 100.0% of the actual and allowable cost of providing the service.

Assumptions

Changes in Division I will require an update to the Eligibility Integrated Application Solution (ELIAS) eligibility system which is estimated to cost \$350,000 and receives a Federal Medical Assistance Percentage (FMAP) rate of 93.94%. In addition, 3,100 staff contract hours are required to update three different systems at a cost of \$105 per hour, including:

- Data warehouse — Transferring the hawk-i capitation payment verification process, member premium payment reporting, and hawk-i premium payment reporting will require a transfer of data to the data warehouse which will require 500 staff contract hours. Changes to this system receive an FMAP rate of 93.94%.
- Premium payment system — Updates are required for the premium payment system which will require 1,600 staff contract hours. Changes to this system receive a FMAP rate of 93.94%.
- Eligibility reconciliation system — Updates to the eligibility reconciliation system will be required to modify the Medicaid eligibility file to account for hawk-i members. This will require an estimated 1,000 staff hours. Changes to this system receive an FMAP rate of 85.79%.

The change in Division II related to incarceration data will require the reporting of inmates in public institutions to be redesigned in order to provide ease of use for county jails to upload information to the DHS. This change is estimated to require 380 staff contract hours and receives an FMAP rate of 85.79%.

The Division IV requirement of changing the copayments will have no fiscal impact. The DHS implemented this change in December 2015 to be in compliance with federal requirements.

The Division VI requirement of changing payment methodology for TCM and PMIC will be budget neutral.

Fiscal Impact

[House File 2462](#) will have a one-time start-up cost of \$55,000 in FY 2019. Total costs to implement these changes are estimated at \$715,000, but the DHS will receive a federal match of \$660,000 that will cover the majority of the expenses. Start-up costs will be covered by current appropriations and annual maintenance will be absorbed by current staff.

Source

Department of Human Services

/s/ Holly M. Lyons

February 23, 2018

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 Legislative Services Agency upon request.
