LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 392** HLS 13RS 1018
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 1, 2013 8:27 AM
Author: BISHOP, STUART
Dept./Agy.: DHH Medicaid
Subject: Medicaid Managed Care credentialing
Analyst: Shawn Hotstream

MEDICAID OR +$1,703,840 GF EX See Note

Provides relative to credentialing and claims payment functions of managed care organizations participating in the La. Medicaid coordinated care network program

Proposed law provides additional requirements for Medicaid managed care companies. Proposed law provides for standardized credentialing (provider enrollment), and further provides for timelines related to credentialing.

Proposed law requires for reimbursement of contracted rate to certain non credentialed providers pending credentialing, and to recoup payments in the event that the provider is not credentialed.

Proposed law requires any claim payment to a provider by an MCO or FI to be accompanied by an itemized accounting of the individual services represented on the claim (including enrollees name, claim number, CPT code for each procedure), and additional information when the MCO is the secondary payor. Proposed law requires that each MCO shall compensate at a minimum the Medicaid fee for service rate in effect on the dates of service for all care rendered to a newborn Medicaid beneficiary by a non participating Medicaid provider within the first thirty days of the beneficiary's birth.

EXPENDITURES	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**5 -YEAR TOTAL**
State Gen. Fd.	$1,703,840	$1,259,360	$1,259,360	$1,259,360	$1,259,360	**$6,741,280**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$2,896,160	$2,140,640	$2,140,640	$2,140,640	$2,140,640	**$11,458,720**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$4,600,000**	**$3,400,000**	**$3,400,000**	**$3,400,000**	**$3,400,000**	**$18,200,000**

REVENUES	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$2,896,160	$2,140,640	$2,140,640	$2,140,640	$2,140,640	**$11,458,720**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$2,896,160**	**$2,140,640**	**$2,140,640**	**$2,140,640**	**$2,140,640**	**$11,458,720**

EXPENDITURE EXPLANATION

Requiring Medicaid managed care organizations to standardize their provider credentialing (provider enrollment) process is estimated to result in an increase in costs to the prepaid and shared managed care organizations health plans (Bayou Health and the Louisiana Behavioral Health Partnership). The requirement to standardize the provider credentialing processes, including forms, communications, and timelines will change current administrative procedures for the health plans. These requirements are anticipated to increase per member per month payments paid by DHH to full risk plans, and an increase in the management fee paid to shared plans,which are inclusive of a plan's administrative costs.

The impact on the department and health plans is reflected below:

$1,619,808 - All Medicaid MCO's (Bayou Health Shared and Prepaid plans and the LBHP) must use one of two standard application forms for plan choice, notify applicants of any required information that is missing from the application at 30 and 60 days after receiving the application, and complete the credentialing process within 90 days of receiving all required information. Each MCO is projected to increase administrative cost to monitor workflow relative to application submission, information requests, and process completion, systems development and maintenance to track and report on workflow, and additional mailing (provider notices at required intervals to ensure timeline requirements). Plan costs are assumed to be passed on to DHH in the form of increased per member per month payments (PMPM's) to the plans, as PMPM's include administrative costs.

$ 1,780,192 - All Medicaid MCO's will be required to pay contracted rates to certain providers pending credentialing within 30 days of receiving a written request. Plans must recover the difference between non contract rates and contract rates paid when the provider's credentialing application in denied. Each MCO is anticipated to incur additional administrative costs to comply. Costs include systems development and maintenance to provide for payment of non-credentialed providers and recovery of payments to providers denied for credentialing. Plan costs are assumed to be passed on to DHH in the form of increased PMPM payments to the plans, as PMPM's include administrative costs.

$1,200,000 - Each MCO is projected to incur a one time expense for systems changes in FY 14 to standardize claim payment information. Plan costs will be passed on to DHH in the form of increased PMPM payments to the plans, as PMPM's include administrative costs.

See page 2

REVENUE EXPLANATION

The revenue table above reflects an increase in federal financial participation associated with increased PMPM payments for prepaid plans and increased administrative fee for the shared plans at a match rate of 62.96%.

Senate Dual Referral Rules House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H} [ ] 6.8(F) >= $500,000 Annual Fiscal Cost {S}

[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H} [ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Staff Director

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 392** HLS 13RS 1018
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 1, 2013 8:27 AM
Author: BISHOP, STUART
Dept./Agy.: DHH Medicaid
Subject: Medicaid Managed Care credentialing
Analyst: Shawn Hotstream

CONTINUED EXPLANATION from page one:

Expenditure explanation: continued

Note: This measure additionally requires all MCO's to pay at least the Medicaid fee-for-service rate for all care provided to a newborn by any non participating Medicaid provider. Specifically, this measure requires MCO's to pay all provider types for any services provided within the first 30 days of birth. The fiscal impact is indeterminable, however the department indicates plan costs are projected to increase significantly as a result of providing care without regard to contracting status, medical necessity, level of care, or prior authorization.

Note: State costs reflected in the expenditure table above are based on the FY 14 match rate of 62.96% for plan costs passed on to DHH.

Senate Dual Referral Rules House

[x] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
[ ] 6.8(F) >= $500,000 Annual Fiscal Cost {S}
[ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

Evan Brasseaux
Staff Director