

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 668** HLS 14RS 1325  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 20, 2014 1:53 PM	<b>Author:</b> SIMON
<b>Dept./Agy.:</b> DHH/Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Electronic Visit Verification	

HEALTH/HOME CARE RE See Note Page 1 of 1  
 Provides for electronic visit verification for long-term care services delivered in home- and community-based settings

Proposed law requires the Department of Health and Hospitals to implement an electronic visit verification system for all in-home care services funded through Medicaid.

Proposed law provides for features of the electronic system, which means an automated point of service verification system which electronically verifies that service visits occur and documents the points in time when service provision begins and ends.

Proposed law provides that the department may implement such system only if the fiscal impact is reasonably expected to be cost neutral or result in cost savings.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Implementation of an Electronic Visit Verification System is anticipated to significantly increase expenditures within the Department of Health and Hospitals. However, implementation is conditioned upon a reasonable projection of cost neutrality or net savings in the department associated with a reduction in provider payments based on fraud prevention and billing errors. Up front costs (web based system) and recurring transaction costs (reimbursement per visit) would be incurred before any savings are realized. However, HB 1 Original for FY 15 contemplates a net reduction in claims payments of approximately \$1.3 M. Information provided by the Department of Health and Hospitals estimates this net savings in year 1 (FY 15) is based on a 4% decrease in payments to Long Care Personal Care Services providers and Community Choices waiver providers.

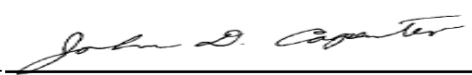
This measure requires the department to implement an electronic visit verification system (EVVS) for all in-home care providers. DHH does not anticipate certain in-home care providers to be included in the system for FY 15, but will be included in the verification system in future fiscal years. These include Adult Day Health Care waiver service providers, Children's Choice waiver service providers, NOW waiver service providers, and Support waiver service providers. The calculation reflected below represents net projected savings as reflected in the FY 15 Executive Budget.

FY 15 Transactions	Transaction costs(contractor)	Annualized cost 4/1/15 implementation	FY 15 Projected spend	FY 15 Projected 4% Savings	4% savings annualized & claims lag	NET IMPACT
LTPCS	10,171,916	\$2,237,822	\$559,455	\$282,098,787	(\$11,283,951)	(\$1,880,659)
CCW	2,981,265	\$655,878	\$163,970	\$107,544,124	(\$4,301,765)	(\$716,960)
		\$556,000 (1 time fee)				
	<b>FY 15 COST</b>	<b>\$1,279,425</b>	<b>FY 15 SAVINGS</b>		<b>(\$2,597,619)</b>	<b>(\$1,318,194)</b>

Note: This measure authorizes DHH to provide rate enhancements and other financial incentives to providers of long term care services to facilitate implementation of the system. The FY 15 budget does not reflect enhanced payments.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	<u>Dual Referral Rules</u>	House	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 <b>John D. Carpenter</b> Legislative Fiscal Officer
<input type="checkbox"/>	13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/>	6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}	
<input type="checkbox"/>	13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/>	6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	