

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 38** SLS 16RS 148
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 29, 2016 2:37 PM	Author: GATTI
Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject:	

MEDICAID OR -\$527,452 GF EX See Note Page 1 of 1
 Provides with respect to payment of nonemergency services rendered in an emergency room to certain patients. (8/1/16)

Proposed law provides that the Department of Health and Hospitals shall not reimburse a hospital emergency room or emergency department at the rate established for emergent care if the Medicaid recipient receiving such care presents for non emergency services. Proposed law further provides that all non emergent services rendered at a hospital emergency room or emergency department shall be reimbursed at the same rate paid for outpatient clinic services.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	(\$527,452)	(\$632,943)	(\$632,943)	(\$632,943)	(\$632,943)	(\$3,059,224)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	(\$870,142)	(\$1,044,171)	(\$1,044,171)	(\$1,044,171)	(\$1,044,171)	(\$5,046,826)
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$1,397,594)	(\$1,677,114)	(\$1,677,114)	(\$1,677,114)	(\$1,677,114)	(\$8,106,050)

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	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	(\$870,142)	(\$1,044,171)	(\$1,044,171)	(\$1,044,171)	(\$1,044,171)	(\$5,046,826)
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$870,142)	(\$1,044,171)	(\$1,044,171)	(\$1,044,171)	(\$1,044,171)	(\$5,046,826)

EXPENDITURE EXPLANATION

Reducing emergency room payments for non emergent services rendered in an emergency room is anticipated to result in a decrease in Medicaid expenditures by approximately \$1.4 M in FY 17 and \$1.7 M in future years. FY 17 savings are less than future years due to a projected implementation date of 8/16. Proposed law provides that all non emergent services rendered in an emergency room shall be reimbursed at the same rate paid for outpatient clinic services. The savings estimate is based on the following assumptions:

1. Procedure Codes that fall under Level I and Level II Emergency Room visits considered low acuity/non emergent
2. Comparison of low acuity level ER related costs in 2015 re priced at outpatient average cost (\$1.67 M less annually)
3. Comparison based on 2015 ER and outpatient claims data
4. Medicaid ER and outpatient payments include ancillary payments (Lab, X-Ray, Pharmacy)

Payment Comparison Illustration:

2015 ER Visit Services for Non-Emergency Services

Low Acuity Level	ER visits	Medicaid payments
Level I	33,288	\$2,187,419
Level II	98,187	\$9,100,931
	131,475	\$11,288,350

2015 ER Visit Services re-priced @ average Outpatient Clinic cost per Visit

	Outpatient visits	Medicaid payments
Fee for Services	41,817	\$3,405,145
Managed Care	89,658	\$6,206,091
	131,475	\$9,611,236

REVENUE EXPLANATION

Reductions in Medicaid payments result in a corresponding reduction in federal matching funds. The revenue table above reflects a projected loss of federal matching funds.

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|---|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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} |

John D. Carpenter
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Legislative Fiscal Officer