

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



Fiscal Note On: **HCR 122** HLS 13RS 3001  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 13, 2013 7:08 PM	<b>Author:</b> MONTOUCET
<b>Dept./Agy.:</b> DHH	<b>Analyst:</b> Jennifer Katzman
<b>Subject:</b> Medicaid waiver	

MEDICAID OR INCREASE GF EX See Note Page 1 of 1

Directs DHH to submit a Section 1115 demonstration waiver application in order to utilize certain funding for the Medicaid program

Proposed legislation directs the Department of Health & Hospitals (DHH) to submit an application for a Section 1115 Medicaid demonstration waiver to the Centers for Medicare & Medicaid Services (CMS), which allows the state to use both non-state public funds and state general fund (SGF) as state match sources in order to draw down Federal match for previously unallowable costs for state and local health programs.

Proposed legislation further directs DHH to reinvest any unencumbered state funds as a result of new Federal match in the Medicaid program and that the waiver request shall preserve current Supplement Medicaid Upper Payment Limit (UPL) funding.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$898,027	\$651,650	\$657,522	\$663,627	\$669,974	<b>\$3,540,800</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$898,028	\$651,650	\$657,522	\$663,627	\$669,974	<b>\$3,540,801</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$1,796,055</b>	<b>\$1,303,300</b>	<b>\$1,315,044</b>	<b>\$1,327,254</b>	<b>\$1,339,948</b>	<b>\$7,081,601</b>

<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The proposed legislation is anticipated to increase SGF and Federal expenditures by approximately \$1.8 M in FY 14 and \$1.3 M in subsequent years as a result of the administrative costs associated with determining the scope and application of the waiver request. These expenditures are funded with 50% state match and 50% federal match through the Medical Vendor Administration (MVA) program. Specifically, based on past Section 1115 Medicaid demonstration waiver applications, DHH anticipates having to hire staff and engage external consultants to solicit stakeholder input/feedback and negotiate with the Centers for Medicare & Medicaid Services (CMS) to secure approval. If the waiver is approved by CMS, DHH will also need to continue contract support to implement and monitor the waiver, to ensure compliance with the special terms and conditions required by CMS, and fulfill reporting requirements.

Specific administrative costs include salaries and related benefits for 3 new personnel, operating expenses, travel, and professional services expenditures. Expenditures are detailed below.

- \$279,197 - Salaries & related benefits: for 2 Medicaid Program Managers and a Medicaid Program Monitor
- \$16,858 - Operating Expenses: includes travel for 2 staff members to negotiate with CMS in Baltimore and supplies
- \$1,500,000 - Professional services: consulting contract
- \$1,796,055 - Total expenditures in FY 14**

These expenditures are anticipated to decrease to approximately \$1.3 M beginning in FY 15. This is primarily the result of reducing costs as the consulting contract's purpose switches from policy-making, preparation, and waiver application to sustained monitoring and reporting. Each subsequent year's personnel and operational costs are adjusted for inflation.

**REVENUE EXPLANATION**

The proposed resolution allows the state to use both non-state public funds and state general fund (SGF) as state match sources in order to draw down Federal match for previously unallowable costs for state and local health programs, but it does not specify which programs the waiver shall be requested for. As such, the impact on potential Federal revenues anticipated by the proposed resolution is unknown. Until the content of the waiver application is finalized, the amount of Federal match that may be generated cannot be determined.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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**  
 Legislative Fiscal Officer