

BDR 40-169 AB 85(R1)

UNSOLICITED EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 25, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Personnel Services (3158) (Expense)		\$177,531	\$244,884	\$489,768
In-State Travel (3158) (Expense)		\$5,373	\$7,163	\$14,326
Operating (3158) (Expense)		\$3,507	\$4,457	\$8,914
Equipment/Furniture (3158) (Expense)		\$7,362		
Information Services (3158) (Expense)		\$1,925	\$2,139	\$4,278
Total	0	\$195,698	\$258,643	\$517,286

Explanation

(Use Additional Sheets of Attachments, if required)

The Division has reviewed the reprint of Assembly Bill 85 and determined that the revised language will change the fiscal note DHCFP originally submitted for the bill. As introduced, AB 85 established the Independent Commission on Rates for Health Care Services within the Division; the Commission would be responsible for setting fixed rates for hospitals. If a hospital indicated that the fixed rates were insufficient to cover reasonable costs, ensure reasonable profit and provide fair compensation to employees, the hospital could request review of the fixed rates for their facility; the Division would be responsible for reviewing requests and determining appropriate rates for each facility. The Division had indicated 7 staff would be required to manage the workload associated with the bill as introduced.

The reprint of AB 85 narrows the types of payors for which fixed hospital rates would apply. As introduced, the bill required fixed rates be paid for all non-indigent individuals not covered by Medicare or Medicaid. The amended version of the bill only requires fixed hospital rates for patients covered by the Public Option (established by SB 420 of the 2021 Legislative Session) and the Public Employees' Benefits Program. As the scope of the bill has been reduced in the amended bill, the Division anticipates needing fewer staff to manage the project. The Division now anticipates needing only three additional staff members to complete the necessary activities under this bill. The total computable impact for FY 24-25 is \$454,341. DHCFP does not expect any federally matching funds to support this staffing as the staff members would not be attributing any staff time towards the Medicaid program specifically.

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