BDR 38-971
SB 241(R1)

UNSOLICITED

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: June 21, 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
Medical (Outpatient) (Expense)		$784,494	$1,817,345	$3,634,690
Medical (Swing-bed) (Expense)		$240,558	$590,272	$1,180,544
Total	0	$1,025,052	$2,407,617	$4,815,234

Explanation (Use Additional Sheets of Attachments, if required)

The Division has reviewed the first Reprint of Senate Bill 241 and determined that the amended language will reduce the original fiscal note projected for this bill. The revised analysis is limited to establishing cost-settled rates for public critical access hospital. Although the bill allows DHCFP the option to establish cost-settled rates for private critical access hospitals, DHCFP assumes that such option will be taken as available funding allows. Additionally, DHCFP assumes some savings in the revised fiscal analysis related to establishing new cost-settled rates for outpatient services when provided by public critical access hospitals. In rural communities, many recipients rely heavily on inpatient hospital care to provide routine care and treatment as there is less access to outpatient and independent providers including primary care. By improving reimbursement for outpatient services for these hospitals, which are mostly in rural communities, DHCFP assumes that recipients will experience improved access to routine care and services in less costly outpatient setting as opposed to inpatient hospital or emergency room settings. This means lower costs in inpatient admissions and better access to preventative and primary care.

Projected costs to reimburse public critical access hospitals at cost for outpatient and swing bed services are expected to total $3,432,669 for the FY 24-25 biennium. The state share of costs totals $963,565 ($280,015 in FY 24 and $683,550 in FY 25). County and federal funding total $2,469,104 ($745,037 in FY 24 and $1,724,067 in FY 25).

Name Stacie Weeks

Title Administrator

Fiscal Impact Analysis

Division of Health Care Financing and Policy
Cost based reimbursement for Critical Access Hospitals
Analysis Summary

Inpatient Savings
10%

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	$0	$0	$0	$0
FY23	$0	$0	$0	$0
Total	$0	$0	$0	$0

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	$784,494	$582,761	$198,705	$3,028
FY25	$1,817,345	$1,333,885	$476,148	$7,312
Total	$2,601,839	$1,916,646	$674,853	$10,340

Description of Budget Concept

This Budget Concept estimates the cost of reimbursing Public Critical Access Hospitals (CAHs) at cost for the delivery of Outpatient (OP) services.

Methodology

1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for PT 75 Critical Access Hospitals(CAHs):
SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount

2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.

3) Pulled total amount paid by provider for PT 12 by NPI and Provider ID for SFY 22. Then collected the costs from providing services from the respective cost reports for each provider.

4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.

5) Savings was applied for a reduction in inpatient stays for this population. Many patients receive primary care services through the outpatient side of critical access hospitals; ensuring patients receive preventative care at a lower level of care may reduce the need for acute hospitalizations.

6) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).

7) This analysis does not account for potential impacts to Supplemental Payment programs, as that impact is currently unknown.