

**EXECUTIVE AGENCY  
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 14, 2023

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

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>	<b>Fiscal Year 2024-25</b>	<b>Effect on Future Biennia</b>
Contractual costs for study/reporting (Expense)		\$3,105,375	\$3,105,375	\$6,210,750
Total	0	\$3,105,375	\$3,105,375	\$6,210,750

Explanation

(Use Additional Sheets of Attachments, if required)

The Division of Health Care Financing and Policy (DHCFP) has determined that, if passed, this bill would have a fiscal impact on the Division that is directly related to the costs associated with a vendor contract to carry out the annual duties outlined in this legislation. It should be noted that any rate increases recommended as a result of this legislation cannot be acted upon by the DHCFP or Director without receiving the appropriate approval for increased state general fund spending from the legislature for Medicaid, which can only occur during session.

Recently, DHCFP had a contract approved for a rate study that covered services under 8 provider types; this contract amount was used to project the cost of this BDR to the Division. As the bill would require DHCFP to analyze all provider types to determine if reimbursement rates should be increased to account for changes to cost-of-living on an annual basis, it is expected that vendor costs would be higher as more provider types would need to be analyzed each year. Some providers are already paid for their costs (at 100% costs) and would likely not need to be analyzed; other reimbursement methodologies are determined at a federal level and may also not need to be part of this analysis given federal requirements. Based on a review of provider types, DHCFP estimates that approximately 55-to-60 provider types would require analysis annually under this bill. Several of these provider types would have more than several thousand procedure codes listed on each respective fee schedule requiring analysis.

Therefore, DHCFP estimates that the ongoing cost of contracting with an annual vendor would be at least \$3,105,375 a year based on previous proposals for rate analyses.

Name Stacie Weeks

Title Administrator

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

The agency's response appears reasonable.

Date Monday, February 13, 2023

Name Amy Stephenson

Title Director