

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 14, 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 Services (Expense)		\$747,039	\$2,349,426	\$4,698,852
System Costs (MMIS) (Expense)		\$64,960		
Total	0	\$811,999	\$2,349,426	\$4,698,852

Explanation

(Use Additional Sheets of Attachments, if required)

The Division has reviewed this BDR and determined it will have a fiscal impact. This BDR requires the Division to establish a new category and rate in Medicaid for providers who render services to children with cancer and rare diseases. For purposes of this fiscal note and implementation, the Division assumes that this change, like any new Medicaid benefit, would not be solely state funded and would only go into effect upon federal approval as necessary to receive federal Medicaid dollars.

To estimate the fiscal impact, the Division assumes the rates associated with CPT procedure codes for these services to children would increase by at least 50% for this specialty provider type and that related HCPCS codes would increase by at least 30%. The Division also reviewed utilization rates for one provider currently rendering these services in Nevada and increased this provider's expenses by 30% to account for at least one other provider who may seek to qualify for this new specialty type and increase access to these services for children in Medicaid.

Based on these assumptions, the total computable for medical services in the FY24-25 biennium is \$3,096,465 (\$1,168,135 in State General Funds). Also, claims data indicates some of the HCPCS codes billed for this new provider type would include pharmacy items. The Division is unsure if fee-for-service pharmacy rates can be separately increased under this new specialty, as federal regulations may limit states' flexibility to do so. System costs to add a new billing specialty to MMIS are anticipated; however, there may also be additional system costs incurred to reimburse the pharmacy benefit manager for changes. Additionally, changing pharmacy rates for a specific category of providers may also require a federal waiver, which could result in contractual costs for implementation.

Name Stacie Weeks

Title Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

The agency's response appears reasonable.

Date Tuesday, March 14, 2023

Name Amy Stephenson

Title Director

Fiscal Impact Analysis

**Division of Health Care Financing and Policy
BDR S-951 Add Specialty-Children w/Rare
Diseases
Analysis Summary**

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	\$747,039	\$468,487	\$278,000	\$552
FY25	\$2,349,426	\$1,457,523	\$890,135	\$1,768
Total	\$3,096,465	\$1,926,010	\$1,168,135	\$2,320

Description of Budget Concept

Create a new sub-specialty under Provider Type (PT) 17 – Special Clinics for clinics that provide services primarily to children with cancer and rare diseases and create a rate methodology for this new specialty. Rate Methodology to increase the current rates for these special services (CPT Codes = 150% of Medicaid and HCPCS = 130% of Medicaid).

Methodology

1) Fee-For-Service (FFS) utilization captured by running a report out of the MMIS using the following parameters for this provider type/service: *SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount*.

Note: MCO utilization data is not included as the MCOs may already pay the higher rates for services to children with rare diseases.

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

3) There is currently an ARPA project to research reimbursement for children’s services who have rare diseases and the project is expected to be completed 12/31/2023. In order to calculate projected costs for this change, DHCFP identified a provider who is already rendering these types of services. The total cost for claims for CPT codes was increased by 50%; the total cost for claims for HCPCS codes was increased by 30%. As there may be other providers in the state who currently perform similar services or may begin performing these services, the total cost of the increase was multiplied by 1.3 to account for other providers. The Division believes the vast majority of services provided for children with rare diseases are performed by the provider identified above.

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

5) 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).