

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2018 REGULAR SESSION**

MEASURE

2018 BR NUMBER **1098**

SENATE BILL NUMBER **163**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to early periodic screening, diagnostic and treatment benefits provided to all Medicaid members in a licensed prescribed pediatric extended care facility.**

SPONSOR **Senator Alvarado**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Cabinet for Health and Family Services**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2017-2018	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES				
EXPENDITURES		\$15,495,975-\$69,738,219	\$15,495,975-\$69,738,219	\$\$15,495,975-\$69,738,219
NET EFFECT		(\$4,650,000-\$20,910,000)	(\$4,650,000-\$20,910,000)	(\$4,650,000-\$20,910,000)

() indicates a decrease/negative

MEASURE'S PURPOSE: The purpose of this measure is to require the Department for Medicaid Services to directly administer all Early Periodic Screening, Diagnostic, and Treatment benefits provided to Medicaid members in pediatric extended care facilities.

PROVISIONS/MECHANICS: Section 1 creates a new section of KRS 205.510 to 205.560 to require the Department for Medicaid Services (DMS) to directly administer all Periodic Screening, Diagnostic, and Treatment (EPSDT) benefits provided to Medicaid members in pediatric extended care facilities; prohibits the renewal or negotiation of new contracts to provide Medicaid managed care that allow administration of EPSDT benefits provided in pediatric extended care facilities by any entity other than the Department for Medicaid Services; reduces the cost of future Medicaid managed care contracts by the cost of all EPSDT benefits provided in pediatric extended care facilities as they existed on January 1, 2017; and requires the Department for Medicaid Services to promulgate regulations.

FISCAL EXPLANATION: The Cabinet for Health and Family Services (CHFS, Cabinet) estimates that Senate Bill 163 would result in increased costs for the Cabinet due to higher rates paid per unit of service than are currently being paid by the Medicaid managed care organizations (MMCOs). The Cabinet reports that services provided by prescribed pediatric extended care (PPEC) centers are delivered to Medicaid enrollees through both the Medicaid fee-for-service program and the Medicaid managed care program. Reimbursement rates for the PPEC providers in the fee-for-service Medicaid program are established by the Department for Medicaid Services (DMS). Reimbursement rates for PPEC services provided through the Medicaid managed care program are established by the MMCOs through contracts between the PPEC providers and the MMCOs.

The Cabinet examined the paid claims/encounters by the MMCOs and the fee-for-service program for State Fiscal Year (SFY) 2017. In SFY 2017, expenditures for PPEC services paid by the MMCOs were \$17.4 million and \$4.6 million for the Medicaid fee-for-service program.

Currently, some PPEC providers bill on an hourly basis while others bill based on a range of hours. The reimbursement rates also vary by Level of Care, of which there are four levels, and by provider. In order to estimate the potential impact of SB 163, DMS equalized the rates and units of service across all providers for SFY 2017. Based on this analysis, DMS estimates that expenditures for PPEC services would increase between \$4.65 million and \$20.91 million in General Fund and between \$10.85 and \$48.79 million in Federal Funds if the agency were to directly administer PPEC benefits as provided in the proposed legislation.

Table 1 below summarizes the estimates reported by the Department for Medicaid Services.

Table 1.

Level of Care	Current Units Billed	Amount of Current Billings	Converted Units	Rates for Converted Units	Converted Units Billed at Converted Rates	Converted Units Billed at Current Rates
Level 1	2,417	\$ 114,175.50	3,888	\$ 16.70	\$ 64,929.60	\$ 378,955.50
Level 2	62,381	\$ 3,915,814.64	100,327	\$ 18.40	\$ 1,846,016.80	\$ 18,790,646.64
Level 3	92,125	\$ 8,142,219.40	324,282	\$ 26.89	\$ 8,719,942.98	\$ 30,893,605.40
Level 4	41,618	\$ 5,198,070.72	152,129	\$ 31.98	\$ 4,865,085.42	\$ 19,675,011.72
TOTAL	198,541	\$ 17,370,280.26	580,626		\$ 15,495,974.80	\$ 69,738,219

Cabinet for Health and Family Services, Department for Medicaid Services

DATA SOURCE(S): Cabinet for Health and Family Services

PREPARER: Miriam Fordham **NOTE NUMBER:** 161 **REVIEW:** JAB **DATE:** 3/27/2018