

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 30, 2011

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3108 by Deshotel (Relating to reimbursement for certain emergency services provided to persons enrolled in the Medicaid managed care program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3108, As Introduced: a negative impact of (\$766,402) through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	(\$373,126)
2013	(\$393,276)
2014	(\$393,922)
2015	(\$393,922)
2016	(\$393,922)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1	Probable (Cost) from Federal Funds 555
2012	(\$373,126)	(\$524,242)
2013	(\$393,276)	(\$530,991)
2014	(\$393,922)	(\$530,345)
2015	(\$393,922)	(\$530,345)
2016	(\$393,922)	(\$530,345)

Fiscal Analysis

The bill would require the Health and Human Services Commission (HHSC) to ensure that ambulance services provided to a Medicaid managed care enrollee be reimbursed at a rate equal to the allowable rate for those services as determined under Human Resources Code, Section 32.028 regardless of whether the services are provided by a provider enrolled in the applicable network of providers.

Methodology

The total estimated cost of the bill is \$0.9 million in All Funds, including \$0.4 million in General Revenue Funds, in fiscal year 2012 and subsequent fiscal years.

According to HHSC, out-of-network ambulance providers are currently reimbursed at a five percent

discount under the STAR, STAR Health, and STAR+Plus managed care programs. There is no difference in reimbursement under Primary Care Case Management (PCCM).

An estimated 1,536,837 clients are assumed to be enrolled in STAR or STAR Health in fiscal year 2012, increasing to 1,566,713 in fiscal year 2013 and subsequent fiscal years. Ambulance services for these clients are estimated to cost \$1.51 per member per month in each fiscal year for a total estimated reimbursement of \$27.9 million in fiscal year 2012 and \$28.4 million in fiscal year 2013 and subsequent fiscal years. It is assumed that one-third of ambulance services are provided by out-of-network providers. Removing the five percent discount for these providers would increase the cost by \$0.5 million each fiscal year.

An estimated 263,296 clients are assumed to be enrolled in STAR+Plus in fiscal year 2012, increasing to 274,436 in fiscal year 2013 and subsequent fiscal years. Ambulance services for these clients are estimated to cost \$7.53 per member per month in each fiscal year for a total estimated reimbursement of \$23.8 million in fiscal year 2012 and \$24.8 million in fiscal year 2013 and subsequent fiscal years. It is assumed that one-third of ambulance services are provided by out-of-network providers. Removing the five percent discount for these providers would increase the cost by \$0.4 million each fiscal year.

The bill could also result in additional costs above those included here by removing incentives for ambulance service providers to contract with managed care organizations because they would not be subject to the five percent discount. This could result in reimbursement rates for all ambulance service providers increasing as managed care organizations lose bargaining leverage with providers.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, LR, MB, NB