

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING CONFIRMATION OF RECEIPT OF A WRITTEN REQUEST TO PERFORM AN AUDIT OF A MEDICAID PROVIDER PRIOR TO THE COMMENCEMENT OF THE AUDIT.

Prime Sponsors: Sens. Bridges and Smallwood
Reps. Snyder and McKean

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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/16/21.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
XXX	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Health and Human Services Committee Report (02/17/21) allows the Department to proceed with audits after three failed attempts to contact the provider. This changes the estimated fiscal impact to \$857,500 total funds, including \$301,031 General Fund, and 0.8 FTE as described in the table below.

S.B. 21-022 WITH HEALTH & INSURANCE COMMITTEE REPORT					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
<u>FY 2021-22</u>					
Personal Services	\$65,801	\$32,900	\$0	\$32,901	0.8
Operating Expenses					
For FTE	7,550	3,775	0	3,775	0.0
Mailing	10,098	5,049	0	5,049	0.0
Medical Services Premiums					
Delayed Recoveries	774,051	259,307	32,588	482,156	0.0
TOTAL	\$857,500	\$301,031	\$32,588	\$523,881	0.8

S.B. 21-022 WITH HEALTH & INSURANCE COMMITTEE REPORT					
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	FEDERAL FUNDS	FTE
FY 2022-23					
Personal Services	\$71,783	\$35,891	\$0	\$35,892	1.0
Operating Expenses					
For FTE	1,350	675	0	675	0.0
Mailing	10,098	5,049	0	5,049	0.0
Medical Services Premiums					
Delayed Recoveries	0	0	0	0	0.0
TOTAL	\$83,231	\$41,615	\$0	\$41,616	1.0

The Medical Services Premiums costs are due to delayed recoveries. Recoveries are used to offset medical expenses. The additional notification requirements in the bill will delay recoveries, resulting in one-time costs for the shift in when recoveries are available to offset medical expenses.

This update to the estimated fiscal impact is based on and consistent with analysis by Legislative Council Staff.

Departmental Difference

The Department of Health Care Policy and Financing believes it needs an additional FTE that has not been included in the estimated fiscal impact. The Department's estimate of 4 hours of work per additional contact attempt appeared high to both the LCS and JBC staff, but one FTE was included in the estimated fiscal impact to set up procedures, provide notifications for cases not handled by contract services, track compliance with the notification requirements of the bill, and provide evidence of compliance in proceedings.

In addition, the Department projects the bill will reduce recoveries overall by \$136,264, due to the reallocation of recovery contractor time away from pursuing recoveries and toward meeting the notification requirements of the bill. However, testimony from recovery contractors in the Health and Insurance Committee suggested the notifications requirements of the bill may not differ significantly from current contractor practices. There is enough uncertainty about the impact on overall recoveries that the LCS and JBC staff did not include any assumed reduction in the estimated fiscal impact. It is assumed that if any actual reduction in recoveries and corresponding increase in state costs materializes, then it will be addressed through the annual budget process.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.003	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision providing \$857,500 to the Department of Health Care Policy and Financing for FY 2021-22, including \$301,031 General Fund, \$32,588 cash funds from the Healthcare Affordability and Sustainability Fee, and \$523,881 federal funds. This provision also states that the appropriation is based on the assumption that the Department will require an additional 0.8 FTE.

L.003 Bill Sponsor amendment **L.003** (attached) replaces the requirement that the reviewer or auditor confirm receipt of the written request prior to commencing the review or audit with requirements that the Department confirm the provider's address and supply certain information to the provider related to the review or audit. With this amendment the Department can implement the bill within existing resources and there is no fiscal impact.

Either **J.001** or **L.003** should be adopted, but not both.

Points to Consider*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2021-22 based on the March 2021 Legislative Council Staff revenue forecast. The budget package includes a set aside of \$50.0 million General Fund for bills that require General Fund appropriations for FY 2021-22. This bill requires a General Fund appropriation of \$383,355 for FY 2021-22, reducing the \$50.0 million set aside by the same amount.

If sponsor amendment L.003 is adopted, the bill does not require General Fund.