

**HF2760 - 0 - "Exp Scope MA Rate Incr Ambulance Svcs"**

Chief Author: **Jeff Backer**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/09/2018**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020
<b>General Fund</b>	-	-	420	1,153	1,177
<b>Health Care Access</b>	-	-	6	16	18
<b>Total</b>	-	-	<b>426</b>	<b>1,169</b>	<b>1,195</b>
<b>Biennial Total</b>			<b>426</b>		<b>2,364</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	-	-
Health Care Access	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge      Date: 4/9/2018 10:30:55 AM  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>
General Fund	-	-	-	420	1,153	1,177
Health Care Access	-	-	-	6	16	18
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426</b>	<b>1,169</b>	<b>1,195</b>
<b>Biennial Total</b>				<b>426</b>		<b>2,364</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	420	1,153	1,177
Health Care Access	-	-	-	6	16	18
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>426</b>	<b>1,169</b>	<b>1,195</b>
<b>Biennial Total</b>				<b>426</b>		<b>2,364</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
Health Care Access	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>				<b>-</b>		<b>-</b>

**Bill Description**

This bill as amended increases Medical Assistance (MA) payment rates for ambulance services.

**Assumptions**

State law currently provides a 5 percent rate increase for ambulance services with a base of operations outside of the seven county metro area and outside the cities of Duluth, Mankato, Moorhead, St. Cloud, and Rochester. The increase also applies to services rendered by an ambulance provider inside the seven county metro in a municipality with a population of less than 1,000 which includes the city of Marine on Saint Croix.

This bill sunsets this rate increase for providers primarily outside the metro area as of December 31, 2018 and applies a new 5 percent rate increase to MA payment rates for all ambulance services starting on January 1, 2019. This fiscal note recognizes the cost of applying the higher rate to those providers who under current law do not receive the increase. Based on department claims data, fee-for-service payments to metro area ambulance providers represent about 71 percent of the \$20.8 million in MA fee-for-service payments for ambulance services in FY2017.

This fiscal note assumes an effective date of January 1, 2019 in both fee-for-service and managed care.

**Expenditure and/or Revenue Formula**

<b>Medical Assistance</b>					
A Fiscal Analysis of HF2760					
Sunset a Rate Increase for Non-Metro Ambulance Services					
Provide a Rate Increase for Statewide Ambulance Services					
<b>Ambulance Services Rate Increase</b>					

Percent change:	5.00%				
		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Months of fiscal effects:					
(Assumes a 2 month lag for FFS)					
Fee for service		0	4	12	12
Managed care		0	5	12	12
<b>February 2018 Forecast</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Medical Assistance</b>					
<b>FFS selected services</b>					
MA Elderly and Disabled		\$6,135,206	\$5,858,682	\$6,120,554	\$6,405,303
MA Adults without Kids		\$5,092,793	\$5,486,951	\$5,717,807	\$5,969,305
MA Families with Children		\$4,289,033	\$4,445,107	\$4,588,280	\$4,739,873
<b>February 2018 Forecast</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Medical Assistance</b>					
<b>Managed care: proportion for selected services</b>					
MA Elderly and Disabled		\$12,057,872	\$11,441,149	\$10,937,562	\$10,782,193
MA Adults without Kids		\$24,708,002	\$24,349,229	\$27,712,251	\$24,056,302
MA Families with Children		\$19,686,411	\$16,860,403	\$18,806,243	\$16,146,239
<b>February 2018 Forecast</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>MinnesotaCare</b>					
<b>Managed care: proportion for selected services</b>		\$5,545,015	\$5,964,572	\$5,838,317	\$5,936,210
<b>Impact of Rate Increase</b>					
<b>Medical Assistance</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
MA Elderly and Disabled FFS		\$0	\$97,645	\$306,028	\$320,265
MA Elderly and Disabled HMO		\$0	\$238,357	\$546,878	\$539,110
MA Elderly and Disabled HMO perf. pmt.					\$48,467
Total		\$0	\$336,002	\$852,906	\$907,842
Federal share %		50.00%	50.00%	50.00%	50.00%
Federal share		\$0	\$168,001	\$426,453	\$453,921
<b>State Share</b>		\$0	\$168,001	\$426,453	\$453,921
MA Adults w. no		\$0	\$91,449	\$285,890	\$298,465

Children FFS					
MA Adults w. no Children HMO		\$0	\$507,276	\$1,385,613	\$1,202,815
MA Adults w. no Children HMO perf. pmt					\$114,396
<b>Total</b>		\$0	\$598,725	\$1,671,503	\$1,615,676
Federal share %		94.50%	93.50%	91.50%	90.00%
Federal share		\$0	\$559,808	\$1,529,425	\$1,454,108
<b>State Share</b>		\$0	\$38,917	\$142,078	\$161,568
MA Families with Children FFS		\$0	\$74,085	\$229,414	\$236,994
MA Families with Children HMO		\$0	\$351,258	\$940,312	\$807,312
MA Families with Children HMO perf. pmt					\$78,241
<b>Total</b>		\$0	\$425,344	\$1,169,726	\$1,122,547
Federal share %		50.00%	50.00%	50.00%	50.00%
Federal share		\$0	\$212,672	\$584,863	\$561,273
<b>State Share</b>		\$0	\$212,672	\$584,863	\$561,273
<b>Total MA State Share</b>		\$0	\$419,590	\$1,153,394	\$1,176,762
<b>MinnesotaCare</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Impact of rate increase</b>					
Mncare HMO		\$0	\$124,262	\$291,916	\$296,811
Mncare HMO Perf. Pmt.					\$25,613
<b>Total</b>		\$0	\$124,262	\$291,916	\$322,423
Percent federal BHP funding		95.20%	94.93%	94.67%	94.43%
Federal BHP funding		\$0	\$117,966	\$276,364	\$304,449
<b>Total HCAF</b>		\$0	\$6,296	\$15,552	\$17,974

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33 ED	MA Grants		168	426	454
GF	33 AX	MA Grants		39	142	162
GF	33 FC	MA Grants		213	585	561
HCAF	31	MinnesotaCare Grants		6	16	18
		<b>Total Net Fiscal Impact</b>		<b>426</b>	<b>1,169</b>	<b>1,195</b>
		<b>Full Time Equivalents</b>				

**Long-Term Fiscal Considerations**

Costs for this rate increase are ongoing.

**Local Fiscal Impact**

None

**References/Sources**

February 2017 Medical Assistance and MinnesotaCare program forecast.

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**Date:** 4/5/2018 3:34:40 PM

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