

HF3235 - 1A - "MA Payment Rates for Emer Ambulance"

Chief Author: **Jeff Backer**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/11/2016**
 Lead Agency: Human Services Dept
 Other Agencies:
 Emergency Medical Services Bd

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		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	FY2015	FY2016	FY2017	FY2018	FY2019
Emergency Medical Services Bd						
General Fund	-	70	55	55	55	
Human Services Dept						
General Fund	-	-	205	424	445	
Health Care Access	-	-	54	132	142	
State Total						
General Fund	-	70	260	479	500	
Health Care Access	-	-	54	132	142	
Total	-	70	314	611	642	
Biennial Total			384		1,253	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Emergency Medical Services Bd					
General Fund	-	-	-	-	-
Human Services Dept					
General Fund	-	-	-	-	-
Health Care Access	-	-	-	-	-
Total	-	-	-	-	-

Lead 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: 04/11/2016
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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Emergency Medical Services Bd					
General Fund	-	70	55	55	55
Human Services Dept					
General Fund	-	-	205	424	445
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2 - Revenues, Transfers In*					
Emergency Medical Services Bd					
General Fund	-	-	-	-	-
Human Services Dept					
General Fund	-	-	-	-	-
Health Care Access	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

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Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

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State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018
General Fund	-	-	205	424	445
Health Care Access	-	-	54	132	142
Total	-	-	259	556	587
Biennial Total			259		1,143

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Health Care Access	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

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

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Biennial Total				259		1,143
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General Fund	-	-	-	-	-	-
Health Care Access	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill as amended increases Medical Assistance (MA) payment rates for ambulance services by five percent for services rendered by providers operating in specific areas of the state. The ambulance providers eligible for the increase are those with a base of operations 1) outside the seven county Minneapolis-St. Paul metro area and outside the cities of Duluth, Mankato, Moorhead, St. Cloud, and Rochester, or 2) within a municipality of less than 1,000 population.

Assumptions

This estimate assumes that the rate increase applies to all ambulance services with a state issued license specifying that the base of operations is outside of the seven county metro area and outside the cities of Duluth, Mankato, Moorhead, St. Cloud, and Rochester. The rate increase would also apply to services rendered by an ambulance provider based in a municipality with a population of less than 1,000 which would include small municipalities within the urban areas excluded from the increase.

Based on department data, fee for service payments to ambulance providers eligible for this increase were about \$5.7 million in FY2015 or about 29 percent of the total fee for service payments for ambulance services. This estimate applies the 5 percent increase to these payments and calculates a proportional increase for ambulance services in managed care.

This estimate assumes a July 2016 effective date for this increase in fee for service and a January 1, 2017 effective date for managed care.

MN-IT staff reviewed this legislation for impacts to DHS information technology (IT) systems. Applying the rate increase to services specified in the legislation requires work within DHS claims payment systems. The cost of systems work needed to implement this change is reflected in this estimate.

Expenditure and/or Revenue Formula

A Fiscal Analysis of SF2640 3A - Provide a Rate Increase for Non-Metro Ambulance Services				
Ambulance Services Rate Increase	FY 2016	FY 2017	FY 2018	FY 2019
Percent change: 5.00%				
Months of fiscal effects:				
Fee for service (Assumes a 2 month lag for FFS)	0	10	12	12
Managed care	0	5	12	12
February 2016 Forecast	FY 2016	FY 2017	FY 2018	FY 2019
MA FFS selected services				
MA Elderly and Disabled	\$2,012,815	\$2,100,020	\$2,272,909	\$2,432,532
MA Adults without Kids	\$1,631,062	\$1,818,824	\$1,829,228	\$1,903,494
MA Families with Children	\$2,026,809	\$2,281,693	\$2,393,317	\$2,508,553
February 2016 Forecast	FY 2016	FY 2017	FY 2018	FY 2019
MA Managed care: proportion for selected services				
MA Elderly and Disabled	\$3,407,116	\$3,167,281	\$3,530,758	\$3,503,498
MA Adults without Kids	\$7,361,368	\$7,686,563	\$7,655,783	\$8,019,335
MA Families with Children	\$8,025,981	\$6,711,150	\$7,453,653	\$7,259,812
February 2016 Forecast	FY 2016	FY 2017	FY 2018	FY 2019
MnCare Managed care: proportion for selected services				
	\$2,170,767	\$2,610,359	\$2,593,690	\$2,680,638
Impact of Rate Increase	FY 2016	FY 2017	FY 2018	FY 2019
MA Elderly and Disabled FFS	\$0	\$87,501	\$113,645	\$121,627
MA Elderly and Disabled HMO	\$0	\$65,985	\$176,538	\$175,175
MA Elderly and Disabled HMO perf. pmt.		\$0	\$3,347	\$11,346
Total	\$0	\$153,486	\$293,530	\$308,147
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$0	\$76,743	\$146,765	\$154,074
State Share MA Elderly and Disabled	\$0	\$76,743	\$146,765	\$154,074
MA Adults w. no Children FFS	\$0	\$75,784	\$91,461	\$95,175

A Fiscal Analysis of SF2640 3A - Provide a Rate Increase for Non-Metro Ambulance Services				
MA Adults w. no Children HMO	\$0	\$160,137	\$382,789	\$400,967
MA Adults w. no Children HMO perf. Pmt		\$0	\$8,123	\$25,219
Total	\$0	\$235,921	\$482,373	\$521,360
Federal share %	100.00%	97.50%	94.50%	93.50%
Federal share	\$0	\$230,023	\$455,843	\$487,472
State Share MA Adults w. no Children	\$0	\$5,898	\$26,531	\$33,888
MA Families with Children FFS	\$0	\$95,071	\$119,666	\$125,428
MA Families with Children HMO	\$0	\$139,816	\$372,683	\$362,991
MA Families with Children HMO perf. Pmt		\$0	\$7,092	\$23,580
Total	\$0	\$234,886	\$499,441	\$511,999
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$0	\$117,443	\$249,720	\$255,999
State Share MA Families with Children	\$0	\$117,443	\$249,720	\$255,999
Total MA State Share	\$0	\$200,084	\$423,016	\$443,961
MinnesotaCare	FY 2016	FY 2017	FY 2018	FY 2019
Impact of rate increase				
Mncare HMO	\$0	\$54,382	\$129,685	\$134,032
Mncare HMO Perf. Pmt.		\$0	\$2,759	\$8,397
Total	\$0	\$54,382	\$132,443	\$142,429

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33	MA Grants		200	423	444
HCAF	31	MinnesotaCare Grants		54	132	142
GF	11	Systems (MMIS @ .29)		5	1	1

Fiscal Tracking Summary (\$000s)						
		Total Net Fiscal Impact		259	556	587
		Full Time Equivalent				

Long-Term Fiscal Considerations

As shown

Local Fiscal Impact

None

References/Sources

DHS February, 2016 Forecast

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 Agency: **Emergency Medical Services Bd**

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Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
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General Fund	-	70	55	55	55	55
Total	-	70	55	55	55	55
Biennial Total			125			110

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

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

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State Cost (Savings) Calculation Details

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Total	-	70	55	55	55	55
Biennial Total			125			110
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	70	55	55	55	55
Total	-	70	55	55	55	55
Biennial Total			125			110
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1 increases reimbursement payments from medical assistance as well as Capitation payments rural ambulance services. This section will have no fiscal impact on the EMSRB.

Section 2 appropriates \$70,000 in fiscal year 2016 and \$55,000 as a base budget increase. This increase is for 3 items. 1. Support and maintenance of electronic licensing and agency operations software solution. 2. Support of maintenance and hosting of prehospital patient care reporting database. 3. Purchase of 800 megahertz radios for communication during regional or statewide emergencies.

Assumptions

This agency's current licensing and operations software is provided by MN.IT through its relationship with a third-party vendor. That vendor relationship ends very soon, and consequently MN.IT has informed the EMSRB that the current system must be replaced. While MN.IT will fund initial acquisition and implementation of a replacement system, MN.IT will not fund initial and ongoing support, maintenance, and hosting of this system; these costs will be the responsibility of the EMSRB. This agency's system is used to issue certifications to over 27,000 EMS personnel, 322 ambulance services, 25 Medical Response Units, and 154 Education Programs. The board anticipates annual maintenance and support to cost \$34,000 each year.

In addition, in accordance with its statutory obligations, the EMSRB maintains the pre-hospital patient care report database known as MNSTAR. Funding for support, maintenance, and hosting of the MNSTAR database will not come from MN.IT or any other source. The board anticipates maintenance, support and hosting to cost \$21,000 each year.

Finally, to be in compliance with its responsibilities as outlined in the Governor's Executive Order the EMSRB uses 800 MHz radios to communicate with ambulance services during a regional or statewide emergency. The EMSRB anticipates \$15,000 of the appropriation would be needed to purchase radios to replace those that no longer function or operate on the state's ARMER system.

Expenditure and/or Revenue Formula

Expenditures

Description	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Computer Services	55	55	55	55	55	55
Equipment	15					
Total Expenses	70	55	55	55	55	55

-

Revenues

No Impact

Long-Term Fiscal Considerations

No Impact

Local Fiscal Impact

No Impact

References/Sources

Agency Contact: Tony Spector (651-201-2806)

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