

HF1438 - 1E - Medical Reimbursement Rate; COVID-19 Vaccinations

Chief Author: **Tina Liebling**
 Committee: **Health Finance and Policy**
 Date Completed: **3/1/2021 7:33:51 PM**
 Lead Agency: **Human Services Dept**
 Other Agencies:
 Minn Management and
 Budget

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	FY2021	FY2022	FY2023	FY2024	FY2025
Human Services Dept						
General Fund		50	153	-	-	-
Minn Management and Budget						
General Fund		(203)	-	-	-	-
Coronavirus Relief		203	-	-	-	-
State Total						
General Fund		(153)	153	-	-	-
Coronavirus Relief		203	-	-	-	-
Total		50	153	-	-	-
Biennial Total			153			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Human Services Dept					
General Fund		-	-	-	-
Minn Management and Budget					
General Fund		-	-	-	-
Coronavirus Relief		-	-	-	-
Total		-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/1/2021 7:33:51 PM
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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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
Human Services Dept						
General Fund	50	153	-	-	-	-
Minn Management and Budget						
General Fund	(203)	-	-	-	-	-
Coronavirus Relief	203	-	-	-	-	-
Total	50	153	-	-	-	-
	Biennial Total		153			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Human Services Dept						
General Fund	50	153	-	-	-	-
Minn Management and Budget						
General Fund	(203)	-	-	-	-	-
Coronavirus Relief	203	-	-	-	-	-
Total	50	153	-	-	-	-
	Biennial Total		153			-
2 - Revenues, Transfers In*						
Human Services Dept						
General Fund	-	-	-	-	-	-
Minn Management and Budget						
General Fund	-	-	-	-	-	-
Coronavirus Relief	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

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 Agency: **Human Services Dept**

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

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State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024
General Fund	50	153	-	-	-
Total	50	153	-	-	-
Biennial Total			153		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Steve McDaniel **Date:** 3/1/2021 9:31:01 AM
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State Cost (Savings) Calculation Details

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General Fund	50	153	-	-	-	-
Total	50	153	-	-	-	-
Biennial Total			153			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	50	153	-	-	-	-
Total	50	153	-	-	-	-
Biennial Total			153			-
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1 of this bill increases the Medical Assistance (MA) reimbursement rate for administering the COVID-19 vaccination to the Medicare rate. This rate change is effective April 1, 2021 or upon federal approval and expires the first quarter that begins at least one year after the last day of the federal public health emergency described in 1135(g)(1)(B) of the Social Security Act.

Assumptions

This proposal would increase the administration rate paid for COVID-19 vaccinations for MA enrollees from the Medicaid rate to the Medicare rate. The current Medicaid rate for vaccinations is \$12.84 per dose. The proposed Medicare rate for COVID-19 vaccinations would be \$16.94 for the first dose and \$28.39 for the second dose. Shifting to the Medicare rate for COVID-19 vaccinations would result in an overall increase of \$19.65 per person, including both doses. It is assumed that all MA enrollees who receive the vaccine will receive two doses.

The MA program would pay for the COVID-19 vaccine for the following population: eligible enrollees who are at least 16 years old, who are not dually eligible for Medicare, and who do not have third party liability (TPL). This fiscal analysis does not include managed care enrollees. Since the vaccinations are expected to be given in 2021, it is assumed that the risk corridors in the 2021 managed care contract will account for any additional managed care costs with no marginal change in capitation rates. It is assumed that 80% of the potential population will ultimately receive the vaccine, with the remaining 20% either refusing the vaccine or not having access to it for one reason or another. The potential population estimates used in this fiscal analysis are based on the actual number of MA enrollees in December 2020 who meet the above criteria for fee-for-service COVID-19 vaccination.

The February forecast assumes the public health emergency (PHE) ends December 31, 2021. It is assumed that two-thirds of the vaccinations will occur in FY2021 with the other third occurring in FY2022. Specifically, it is assumed that MA FFS vaccinations will occur evenly over a six-month time period from March through August.

The higher Medicare rate is assumed to be effective for service dates on or after April 1, 2021. Given the timing assumptions in this analysis, this implies that 83% (5/6) of MA FFS vaccinations will be eligible for the higher Medicare rate.

Modifications in MMIS are necessary to effectuate this change. These systems changes are estimated to require 419 hours of work, take approximately 4 months to complete, and cost a total of \$40,475 for initial development. Of this estimate, 219 hours of work is needed to make these changes with a cost total of \$22,075 and 200 hours of work is needed to reverse these changes once the federal emergency period has ended, at a cost of \$18,400. Once the COVID Federal Emergency period is lifted, work will be needed to remove the bypass and revert back to the previous state. The state share of these costs are reflected in the fiscal detail below. This estimate includes the following assumptions:

- The estimated duration and earliest completion date of the proposed project(s) assumes the work is prioritized relative to other legislative and ongoing IT work. If enacted, the completion date of the proposed project(s) will be dependent on the totality of enacted legislative IT work and ongoing IT work.

- The total hours assumed in this fiscal note include the projected time required to complete systems work and a 20% contingency assumption to account for unforeseen business requirements in the development and implementation process.

- In addition to the initial development costs cited above, the systems changes required in this bill will result in increased ongoing maintenance and operations costs, estimated annually at 20% of the total initial development cost.

Because the systems modification will not be completed by the effective date in this bill, this fiscal note assumes DHS will reprocess claims impacted by that delay.

This fiscal note assumes DHS is required to submit a State Plan Amendment (SPA) to effectuate this change. However, because multiple states have had similar amendments approved and because SPA's can be effective retroactively, no delay related to federal approval is assumed.

Expenditure and/or Revenue Formula

		FY 2021	FY 2022	FY 2023
MA Elderly and Disabled				
Total potential MA FFS enrollees		12,562	12,562	0
Overall percent vaccinated (FFS elderly and disabled)		80%	80%	0%
Percent vaccinated at higher rate		50%	33%	0%
MA FFS elderly and disabled enrollees				
vaccinated at higher rate		5,025	3,350	0
Average monthly cost		\$19.65	\$19.65	\$19.65
Total cost (Elderly & Disabled)		\$98,737	\$65,825	\$0
	Federal Share %	56.20%	56.20%	50.51%
	Federal Share	\$55,490	\$36,994	\$0
	State Share	\$43,247	\$28,831	\$0
MA Adults without Children				
Total potential MA FFS enrollees		15,223	15,223	0
Overall percent vaccinated (FFS adults)		80%	80%	0%
Percent vaccinated at higher rate		50%	33%	0%
MA FFS adults without children enrollees				
vaccinated at higher rate		6,089	4,059	0
Average monthly cost		\$19.65	\$19.65	\$19.65
Total cost (Adults)		\$119,653	\$79,769	\$0
	Federal Share %	90.00%	90.00%	90.00%
	Federal Share	\$107,688	\$71,792	\$0
	State Share	\$11,965	\$7,977	\$0
MA Families with Children				

Total potential MA FFS enrollees		17,254	17,254	0
Overall percent vaccinated (FFS families)		80%	80%	0%
Percent vaccinated at higher rate		50%	33%	0%
MA FFS families with children enrollees				
vaccinated at higher rate		6,902	4,601	0
Average monthly cost		\$19.65	\$19.65	\$19.65
Total cost (Families)		\$135,616	\$90,411	\$0
	Federal Share %	56.20%	56.20%	50.51%
	Federal Share	\$76,216	\$50,811	\$0
	State Share	\$59,400	\$39,600	\$0
Fiscal Summary (State Share)		FY 2021	FY 2022	FY 2023
Total cost of vaccinations at higher rate		\$114,612	\$76,408	\$0
FFS claims payment lag		-\$76,408	\$76,408	\$0
State share impact of vaccinations at higher rate		\$38,204	\$152,816	\$0

Summary

Fund	BACT	Description	FY2021	FY2022	FY2023	FY2024
GF	33	MA Grants	38	153		
GF	11	State Share of Systems Changes (MMIS @ 29%)	12			
		Total Net Fiscal Impact	50	153		
		Full Time Equivalents				

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

DHS February 2021 Forecast

Agency Contact: Elyse Bailey, 651-431-2932

Agency Fiscal Note Coordinator Signature: Elyse Bailey

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 Committee: **Health Finance and Policy**
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 Agency: **Minn Management and Budget**

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

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General Fund	(203)	-	-	-	-	-
Coronavirus Relief	203	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
Coronavirus Relief	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joe Harney **Date:** 3/1/2021 6:52:38 PM
Phone: 651-284-6438 **Email:** joe.harney@bo.leg.mn

State Cost (Savings) Calculation Details

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Biennial Total			-		-
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Coronavirus Relief	203	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Coronavirus Relief	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Section 2 requires Minnesota Management and Budget (MMB) to review all appropriations and transfers from the general fund in Laws of Minnesota 2020, chapters 66, 70, 71, 74, and 81, to determine whether those appropriations and transfers are eligible expenditures from the coronavirus relief federal fund (CRF). MMB must designate up to \$500,000 of general fund appropriations and transfers in these chapters to be an eligible expenditure from the CRF. MMB may designate a portion of an appropriation or transfer for cancellation. The appropriations and transfers designated by MMB are canceled to the general fund, up to \$500,000. Up to \$500,000 is appropriated from the CRF for the purposes of the original general fund appropriation.

Assumptions

It is assumed the bill’s intent in Section 2 is to ensure budget neutrality to the general fund. The fiscal note for this bill from the Department of Human Services shows general fund costs of approximately \$50,000 in FY 2021 and approximately \$153,000 in FY 2022, for a total cost of approximately \$203,000. Correspondingly, MMB assumes needing to refinance approximately \$203,000 in expenditures from the general fund to the CRF.

Upon enactment, MMB will review the general fund appropriations and transfers in the session laws listed in the bill for CRF eligibility. MMB will designate \$203,000 of these appropriations and/or transfers as a CRF appropriation and will cancel \$203,000 to the general fund. MMB assumes these transactions would occur in FY 2021, although they may ultimately occur in FY 2022.

It is not yet known what appropriations or transfers would be identified as eligible for CRF refinancing. Moving state government spending to the CRF will make the spending newly subject to federal audit requirements. To the extent the expenditures were for grants (e.g., childcare grants appropriated in Laws of Minnesota 2020, chapter 71), grantees would also be subject to federal audit requirements.

MMB assumes nominal administrative effort for the work required in this bill because it is a one-time requirement involving a relatively small amount of expenditures. MMB currently oversees CRF eligibility and financing for the state.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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Agency Fiscal Note Coordinator Signature: Paul Moore

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