

HF1350 - 2A - "Nonemergency Med Transport"

Chief Author: **Kim Norton**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/07/2015**
 Lead Agency: Human Services Dept
 Other Agencies: Transportation Dept

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) Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Human Services Dept					
General Fund	-	6,937	10,936	11,813	12,548
Transportation Dept					
Trunk Highway	-	39	(12)	(12)	(12)
State Total					
General Fund	-	6,937	10,936	11,813	12,548
Trunk Highway	-	39	(12)	(12)	(12)
Total	-	6,976	10,924	11,801	12,536
Biennial Total			17,900		24,337

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Human Services Dept					
General Fund	-	-	-	-	-
Transportation Dept					
Trunk Highway	-	1.13	2.25	2.25	2.25
Total	-	1.13	2.25	2.25	2.25

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: 04/07/2015
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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		FY2015	FY2016	FY2017	FY2018	FY2019
Human Services Dept						
General Fund	-	6,937	10,936	11,813	12,548	
Transportation Dept						
Trunk Highway	-	39	(12)	(12)	(12)	
Total	-	6,976	10,924	11,801	12,536	
	Biennial Total		17,900		24,337	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Human Services Dept						
General Fund	-	6,937	10,936	11,813	12,548	
Transportation Dept						
Trunk Highway	-	111	132	132	132	
Total	-	7,048	11,068	11,945	12,680	
	Biennial Total		18,116		24,625	
2 - Revenues, Transfers In*						
Human Services Dept						
General Fund	-	-	-	-	-	
Transportation Dept						
Trunk Highway	-	72	144	144	144	
Total	-	72	144	144	144	
	Biennial Total		216		288	

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 Date Completed: **04/07/2015**
 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

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
General Fund	-	6,937	10,936	11,813	12,548	
Total	-	6,937	10,936	11,813	12,548	
Biennial Total			17,873			24,361

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.

EBO Signature: Ahna Minge Date: 4/6/2015 1:31:50 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		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	6,937	10,936	11,813	12,548	
Total	-	6,937	10,936	11,813	12,548	
	Biennial Total		17,873		24,361	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	6,937	10,936	11,813	12,548	
Total	-	6,937	10,936	11,813	12,548	
	Biennial Total		17,873		24,361	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-		-	-

Bill Description

House File 1350 as amended makes several changes to non-emergency medical transportation (NEMT) services in the Medical Assistance program. The bill adds a definition of NEMT to the Minnesota Department of Transportation (MNDOT) statute and makes changes to the MNDOT provider certification standards. The legislation also changes trip documentation requirements for NEMT providers, adds safety standards for protected transport, increases provider payment rates, adds payment rates for new modes of transportation services, and requires prior authorization of certain trips. The language in this amended version of the House Bill also makes clear that STS certified NEMT providers are a subset of the larger pool of STS vehicles certified by MNDOT.

ASSUMPTIONS:

This estimate assumes an effective date of July 1, 2015.

The legislation redefines the modes of transportation by eliminating the distinction between access transportation services (ATS) and special transportation services (STS) and creating seven new modes of transportation: client reimbursement, volunteer transport, unassisted transport, assisted transport, lift-equipped/ramp transport, protected transport, and stretcher transport. Each of these new modes of transportation are a blend of current service codes, some of which have varying base and/or mileage reimbursement rates. Section A of the expenditure formula deals with the cost of the rates under the new modes.

The increase in rates associated with changing to the new modes of transportation is also expected to have a proportional impact on managed care rates. Client mileage is not paid through the managed care rates, so the expected percent increase in managed care is estimated to be proportional to the percent increase in fee for service NEMT less client mileage. Fee for service claims data suggest a 32.9% increase in total FY2014 FFS NEMT payments under the new modes of transportation with the proposed reimbursement rates with a 19.4% increase to managed care.

This bill would provide protected transport as a new mode of transportation. Section B of the expenditure formula deals with the cost of adding protected transport services. Beltrami county currently offers a similar service and reports transporting 20 persons per month. Using Beltrami's share of medical transportation recipients, this translates to approximately 935 persons per month transported over the entire state. It is assumed that average mileage for protected transport will be similar to that of assisted transport which, based on department data from FY2014, equals about 15 miles per trip. The proposed base rate for protected transport is \$75 and the proposed mileage rate is \$2.40 per mile.

For the managed care impact, it is assumed that protected transport will increase managed care NEMT costs by the same proportion that it is projected to increase costs for access services. This proportion is estimated to be about 3.0%.

This estimate also assumes that 20% of the additional cost for protected transport will be offset by lower medical transportation costs.

Under current law, there is no rural urban commuting area (RUCA) adjustment for access transportation services (ATS) transport so the proposed changes would add RUCA base and mileage adjustments for all geographically eligible ATS transportation. Based on the proposed mileage reimbursement rates for each new mode of transportation and FY2014 base charges and mileage data, adding RUCA base and mileage adjustments to ATS transportation would cost about \$308,000 per year. Section C in the expenditure formula summarizes these costs.

The language sunsets the 4.5% rate reduction on NEMT services provided after June 30, 2015. This reduction currently applies to all base and mileage rates for NEMT STS services, except volunteer mileage and personal mileage, and other travel costs. Since the 2014 NEMT data reflects the lower base after the 4.5% rate reduction has been applied, the fiscal impact of this sunset has already been accounted for in the first section of the fiscal note that establishes new rates.

Section D of this estimate projects the cost of ending the 4.5 percent rate reduction on ambulance services. This estimate includes costs for increased managed care capitation rates resulting from this increase. Based on the original fiscal note from this rate reduction from 2011, it is assumed that approximately 1.25 percent of managed care payments are for ambulance services (slightly less for the elderly and disabled eligibility categories) and 1 percent of managed care payments are for NEMT STS services.

This legislation requires the use of prior authorization for trips in excess of 30 miles for travel to a primary care provider and 60 miles for travel to an appointment with a specialist. Under current law, NEMT providers must receive authorization from the local agencies (the counties) for trips in excess of these limits. This bill moves the requirement for NEMT providers to receive authorization for trips exceeding the 30/60 mile limit from the local agencies and instead requires DHS to place these longer trips on prior authorization. This estimate includes the cost for DHS to meet this new responsibility.

Medical Assistance claims data from 2014 suggest that 9,400 trips or less than 1 percent of all rides provided would meet the 30/60 mile threshold. The cost to DHS for additional prior authorization services performed by an outside vendor is reflected in this estimate.

This fiscal note assumes all rate changes are effective in fee-for-service effective July 1, 2015 and the effect to managed care rates begins in January 2016.

This rate change would require changes to DHS claims payment systems. The cost of making these changes is reflected in this estimate.

Assumptions

Expenditure and/of Revenue Calculations:

HF1350-1E with A2 Amendment					
Part A: New NEMT Modes					
The following table summarizes the number of FY2014 base units that would have been paid in each of the proposed seven new modes of transportation, the weighted average FY2014 base reimbursement rate for each of the new modes, the proposed base reimbursement rate for the each of the new modes in the proposed language, and the estimated marginal change in FY2014 base payments under these proposed reimbursement rates:					
		FY2014	FY2014	Proposed	Change in
		Units Paid	Base Rate	Base Rate	Payments
Client		0	\$0.00	\$0.00	\$0.00
Volunteer		0	\$0.00	\$0.00	\$0.00
Unassisted		519,373	\$9.55	\$11.00	\$753,090.85

HF1350-1E with A2 Amendment					
Assisted	289,459	\$11.30	\$13.00	\$492,727.55	
Lift-Equipped	156,280	\$15.56	\$18.00	\$380,653.09	
Protected			\$75.00		
Stretcher	898	\$57.30	\$60.00	\$2,424.60	
Total				\$1,628,896.09	

The following table summarizes the number of FY2014 mileage units that would have been paid in each of the proposed seven new modes of transportation, the weighted average FY2014 mileage reimbursement rate for each of the new modes, the proposed mileage reimbursement rate for each of the new modes in the proposed language, and the estimated marginal change in FY2014 mileage payments under these proposed reimbursement rates:

		FY2014	FY2014	Proposed	Change in
		Units Paid	Mileage Rate	Mileage Rate	Payments
Client		14,406,881	\$0.22	\$0.45	\$3,325,335.29
Volunteer		2,378,867	\$0.56	\$1.13	\$1,355,954.19
Unassisted		2,157,515	\$0.85	\$1.30	\$962,487.38
Assisted		5,317,108	\$1.24	\$1.30	\$335,858.48
Lift-Equipped		1,989,267	\$1.29	\$1.55	\$526,121.25
Protected				\$2.40	
Stretcher		37,703	\$2.40	\$2.40	\$0.00
Total					\$6,505,756.60

Note: The fiscal impact of the new mode "protected transport" is not included here, but is analyzed below.

The data summarized above represents an estimated 32.9% increase in total FY2014 FFS NEMT payments under the new modes of transportation with the proposed reimbursement rates for each mode. The effective date for these new modes is assumed to be July 1, 2015.

	FY 2014	FY 2016	FY 2017	FY 2018	FY 2019
Total NEMT payment base	\$24,757,870				
Estimated cost of new rates	\$8,134,653				
NEMT forecast		\$28,228,012	\$29,744,435	\$31,180,429	\$32,590,780
Est % change in NEMT pmts	32.86%	32.86%	32.86%	32.86%	32.86%
Projected cost of new rates		\$9,274,831	\$9,773,080	\$10,244,902	\$10,708,299
Phase-in		83.33%	100.00%	100.00%	100.00%
Total MA Cost		\$7,729,026	\$9,773,080	\$10,244,902	\$10,708,299

HF1350-1E with A2 Amendment						
	Federal share %		50.00%	50.00%	50.00%	50.00%
	Federal share		\$3,864,513	\$4,886,540	\$5,122,451	\$5,354,150
	State share		\$3,864,513	\$4,886,540	\$5,122,451	\$5,354,150
Impact of New Modes on Managed Care						
Elderly and Disabled			FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast			\$1,291,588,846	\$1,129,007,970	\$1,167,062,170	\$1,256,650,368
% NEMT			1.00%	1.00%	1.00%	1.00%
Managed care NEMT			\$12,915,888	\$11,290,080	\$11,670,622	\$12,566,504
% change in managed care NEMT			19.40%	19.40%	19.40%	19.40%
Phase-in			41.67%	100.00%	100.00%	100.00%
MA Cost (elderly and disabled)			\$1,044,034	\$2,190,275	\$2,264,101	\$2,437,902
HMO withhold payments			\$0	\$41,901	\$146,018	\$194,203
Total MA Cost (elderly and disabled)			\$1,044,034	\$2,232,177	\$2,410,119	\$2,632,105
	Federal share %		50.00%	50.00%	50.00%	50.00%
	Federal share		\$522,017	\$1,116,088	\$1,205,060	\$1,316,053
	State share		\$522,017	\$1,116,088	\$1,205,060	\$1,316,053

Expenditure and/or Revenue Formula

Impact of New Modes on Managed Care						
Adults without Children			FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast			\$1,673,102,921	\$1,619,331,117	\$1,698,484,938	\$1,784,089,204
% NEMT			1.00%	1.00%	1.00%	1.00%
Managed care NEMT			\$16,731,029	\$16,193,311	\$16,984,849	\$17,840,892
% change in managed care NEMT			19.40%	19.40%	19.40%	19.40%
Phase-in			41.67%	100.00%	100.00%	100.00%
MA Cost (adults without kids)			\$1,352,425	\$3,141,502	\$3,295,061	\$3,461,133
HMO withhold payments			\$0	\$54,278	\$204,583	\$280,963
Total MA Cost (adults without kids)			\$1,352,425	\$3,195,780	\$3,499,644	\$3,742,096
	Federal share		100.00%	97.50%	94.50%	93.50%

Impact of New Modes on Managed Care						
	%					
	Federal share		\$1,352,425	\$3,115,886	\$3,307,164	\$3,498,860
	State share		\$0	\$79,895	\$192,480	\$243,236
Families with Children			FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast			\$2,460,894,645	\$2,397,086,622	\$2,508,133,358	\$2,634,089,817
% NEMT			1.00%	1.00%	1.00%	1.00%
Managed care NEMT			\$24,608,946	\$23,970,866	\$25,081,334	\$26,340,898
% change in managed care NEMT			19.40%	19.40%	19.40%	19.40%
Phase-in			41.67%	100.00%	100.00%	100.00%
MA Cost (families with kids)			\$1,989,223	\$4,650,348	\$4,865,779	\$5,110,134
HMO withhold payments			\$0	\$79,835	\$302,416	\$415,306
Total MA Cost (families with kids)			\$1,989,223	\$4,730,183	\$5,168,195	\$5,525,440
	Federal share %		50.00%	50.00%	50.00%	50.00%
	Federal share		\$994,612	\$2,365,092	\$2,584,098	\$2,762,720
	State share		\$994,612	\$2,365,092	\$2,584,098	\$2,762,720

Part B: Protected Transport						
FFS Protected Transport			FY 2016	FY 2017	FY 2018	FY 2019
Monthly protected trans trips in Beltrami			20	20	20	20
Proportion med trans recipients in Beltrami			2.14%	2.14%	2.14%	2.14%
Est statewide protected trans trips per month			935	935	935	935
Average miles per trip			15	15	15	15
Est statewide protected trans miles per month			14,019	14,019	14,019	14,019
Proposed base rates			\$75	\$75	\$75	\$75
Projected annual cost of base trips			\$841,121	\$841,121	\$841,121	\$841,121
Proposed rates per mile			\$2.40	\$2.40	\$2.40	\$2.40
Projected annual cost of mileage			\$403,738	\$403,738	\$403,738	\$403,738
Projected total cost of protected transport			\$1,244,860	\$1,244,860	\$1,244,860	\$1,244,860
Offset to medical transportation			20%	20%	20%	20%
Projected net cost of protected transport			\$995,888	\$995,888	\$995,888	\$995,888
Phase-in			83.33%	100.00%	100.00%	100.00%

Part B: Protected Transport					
Total FFS MA Cost			\$829,907	\$995,888	\$995,888
	Federal share %		50.00%	50.00%	50.00%
	Federal share		\$414,953	\$497,944	\$497,944
	State share		\$414,953	\$497,944	\$497,944

Long-Term Fiscal Considerations

Expenditure and/or Revenue Formula Continued:

Managed Care Protected Transport					
Elderly and Disabled		FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast		\$1,291,588,846	\$1,129,007,970	\$1,167,062,170	\$1,256,650,368
% NEMT		1.00%	1.00%	1.00%	1.00%
Managed care NEMT		\$12,915,888	\$11,290,080	\$11,670,622	\$12,566,504
% change in pmts for protected transport		3.00%	3.00%	3.00%	3.00%
Projected total cost of protected transport		\$387,477	\$338,702	\$350,119	\$376,995
Offset to medical transportation		20%	20%	20%	20%
Projected net cost of protected transport		\$309,981	\$270,962	\$280,095	\$301,596
Phase-in		41.67%	100.00%	100.00%	100.00%
MA Cost (elderly and disabled)		\$129,159	\$270,962	\$280,095	\$301,596
HMO withhold payments		\$0	\$5,184	\$18,064	\$24,025
Total MA Cost (elderly and disabled)		\$129,159	\$276,146	\$298,159	\$325,621
	Federal share %	50.00%	50.00%	50.00%	50.00%
	Federal share	\$64,579	\$138,073	\$149,080	\$162,811
	State share	\$64,579	\$138,073	\$149,080	\$162,811
Adults without Children		FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast		\$1,673,102,921	\$1,619,331,117	\$1,698,484,938	\$1,784,089,204
% NEMT		1.00%	1.00%	1.00%	1.00%
Managed care NEMT		\$16,731,029	\$16,193,311	\$16,984,849	\$17,840,892
% change in pmts for protected transport		3.00%	3.00%	3.00%	3.00%

Managed Care Protected Transport					
Projected total cost of protected transport		\$501,931	\$485,799	\$509,545	\$535,227
Offset to medical transportation		20%	20%	20%	20%
Projected net cost of protected transport		\$401,545	\$388,639	\$407,636	\$428,181
Phase-in		41.67%	100.00%	100.00%	100.00%
MA Cost (adults without kids)		\$167,310	\$388,639	\$407,636	\$428,181
HMO withhold payments		\$0	\$6,715	\$25,309	\$34,758
Total MA Cost (adults without kids)		\$167,310	\$395,354	\$432,946	\$462,940
	Federal share %	100.00%	97.50%	94.50%	93.50%
	Federal share	\$167,310	\$385,470	\$409,134	\$432,849
	State share	\$0	\$9,884	\$23,812	\$30,091
Families with Children		FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast		\$2,460,894,645	\$2,397,086,622	\$2,508,133,358	\$2,634,089,817
% NEMT		1.00%	1.00%	1.00%	1.00%
Managed care NEMT		\$24,608,946	\$23,970,866	\$25,081,334	\$26,340,898
% change in pmts for protected transport		3.00%	3.00%	3.00%	3.00%
Projected total cost of protected transport		\$738,268	\$719,126	\$752,440	\$790,227
Offset to medical transportation		20%	20%	20%	20%
Projected net cost of protected transport		\$590,615	\$575,301	\$601,952	\$632,182
Phase-in		41.67%	100.00%	100.00%	100.00%
MA Cost (families with kids)		\$246,089	\$575,301	\$601,952	\$632,182
HMO withhold payments		\$0	\$9,877	\$37,412	\$51,378
Total MA Cost (families with kids)		\$246,089	\$585,177	\$639,364	\$683,560
	Federal share %	50.00%	50.00%	50.00%	50.00%
	Federal share	\$123,045	\$292,589	\$319,682	\$341,780
	State share	\$123,045	\$292,589	\$319,682	\$341,780

Local Fiscal Impact

Expenditure and/or Revenue Formula Continued:

Section C: RUCA Adjustments						
RUCA mileage adjustment for STS			\$0			
RUCA mileage adjustment for ATS			\$270,578			
RUCA base adjustment for ATS			\$37,436			
Total estimated RUCA adjustment			\$308,014			
The data summarized above represents an estimated 1.2% increase in total FY2014 NEMT payments under the new modes of transportation with the proposed RUCA adjustments. The effective date for the fuel adjustment is assumed to be July 1, 2015.						
		FY 2014	FY 2016	FY 2017	FY 2018	FY 2019
Total NEMT payment base		\$24,757,870				
Est cost of RUCA adjustments		\$308,014				
NEMT forecast			\$28,228,012	\$29,744,435	\$31,180,429	\$32,590,780
Est % change in NEMT pmnts		1.24%	1.24%	1.24%	1.24%	1.24%
Projected cost of RUCA adjustments			\$351,186	\$370,052	\$387,917	\$405,464
Phase-in			83.33%	100.00%	100.00%	100.00%
Total MA Cost			\$292,655	\$370,052	\$387,917	\$405,464
	Federal share %		50.00%	50.00%	50.00%	50.00%
	Federal share		\$146,328	\$185,026	\$193,959	\$202,732
	State share		\$146,328	\$185,026	\$193,959	\$202,732

Section D: Sunset Rate Reduction on Ambulance Services						
Fee for Service						
Elderly and Disabled			FY 2016	FY 2017	FY 2018	FY 2019
Medical transportation forecast			\$10,299,630	\$11,024,253	\$11,786,644	\$12,587,607
% change in pmnts			4.71%	4.71%	4.71%	4.71%
Phase-in			83.33%	100.00%	100.00%	100.00%
Total MA Cost (elderly and disabled)			\$404,436	\$519,467	\$555,392	\$593,133
	Federal share %		50.00%	50.00%	50.00%	50.00%
	Federal share		\$202,218	\$259,734	\$277,696	\$296,567
	State share		\$202,218	\$259,734	\$277,696	\$296,567
Adults without Children			FY 2016	FY 2017	FY 2018	FY 2019

Section D: Sunset Rate Reduction on Ambulance Services						
Medical transportation forecast			\$8,311,554	\$8,611,760	\$8,916,043	\$9,233,955
% change in pmts			4.71%	4.71%	4.71%	4.71%
Phase-in			83.33%	100.00%	100.00%	100.00%
Total MA Cost (adults without children)			\$326,370	\$405,790	\$420,128	\$435,108
	Federal share %		100.00%	97.50%	94.50%	93.50%
	Federal share		\$326,370	\$395,645	\$397,021	\$406,826
	State share		\$0	\$10,145	\$23,107	\$28,282
Families with Children			FY 2016	FY 2017	FY 2018	FY 2019
Medical transportation forecast			\$6,493,119	\$6,779,593	\$7,101,573	\$7,435,404
% change in pmts			4.71%	4.71%	4.71%	4.71%
Phase-in			83.33%	100.00%	100.00%	100.00%
Total MA Cost (families with children)			\$254,965	\$319,457	\$334,629	\$350,359
	Federal share %		50.00%	50.00%	50.00%	50.00%
	Federal share		\$127,483	\$159,729	\$167,315	\$175,180
	State share		\$127,483	\$159,729	\$167,315	\$175,180

References/Sources

Managed Care						
Elderly and Disabled			FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast			\$1,291,588,846	\$1,129,007,970	\$1,167,062,170	\$1,256,650,368
% medical transportation			0.24%	0.24%	0.24%	0.24%
Managed care medical transportation			\$3,099,813	\$2,709,619	\$2,800,949	\$3,015,961
% change in pmts			4.71%	4.71%	4.71%	4.71%
Phase-in			41.67%	100.00%	100.00%	100.00%
MA Cost (elderly and disabled)			\$60,860	\$127,678	\$131,982	\$142,113
HMO withhold payments			\$0	\$0	\$8,993	\$12,184
Total MA Cost (elderly and disabled)			\$60,860	\$127,678	\$140,975	\$154,297
	Federal share %		50.00%	50.00%	50.00%	50.00%

Managed Care						
	Federal share		\$30,430	\$63,839	\$70,487	\$77,148
	State share		\$30,430	\$63,839	\$70,487	\$77,148
Adults without Children			FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast			\$1,673,102,921	\$1,619,331,117	\$1,698,484,938	\$1,784,089,204
% medical transportation			1.25%	1.25%	1.25%	1.25%
Managed care medical transportation			\$20,913,787	\$20,241,639	\$21,231,062	\$22,301,115
% change in pmts			4.71%	4.71%	4.71%	4.71%
Phase-in			41.67%	100.00%	100.00%	100.00%
MA Cost (adults without kids)			\$410,611	\$953,795	\$1,000,417	\$1,050,838
HMO withhold payments			\$0	\$0	\$63,352	\$91,539
Total MA Cost (adults without kids)			\$410,611	\$953,795	\$1,063,768	\$1,142,377
	Federal share %		100.00%	97.50%	94.50%	93.50%
	Federal share		\$410,611	\$929,950	\$1,005,261	\$1,068,123
	State share		\$0	\$23,845	\$58,507	\$74,255
Families with Children			FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast			\$2,460,894,645	\$2,397,086,622	\$2,508,133,358	\$2,634,089,817
% medical transportation			1.25%	1.25%	1.25%	1.25%
Managed care medical transportation			\$30,761,183	\$29,963,583	\$31,351,667	\$32,926,123
% change in pmts			4.71%	4.71%	4.71%	4.71%
Phase-in			41.67%	100.00%	100.00%	100.00%
MA Cost (families with kids)			\$603,950	\$1,411,897	\$1,477,304	\$1,551,493
HMO withhold payments			\$0	\$0	\$93,442	\$135,375
Total MA Cost (families with kids)			\$603,950	\$1,411,897	\$1,570,746	\$1,686,867
	Federal share %		50.00%	50.00%	50.00%	50.00%
	Federal share		\$301,975	\$705,948	\$785,373	\$843,434
	State share		\$301,975	\$705,948	\$785,373	\$843,434
Fiscal Summary (State Share)			FY 2016	FY 2017	FY 2018	FY 2019
Access services			\$4,425,794	\$5,569,510	\$5,814,354	\$6,054,825

Managed Care					
Managed care NEMT (Elderly & Disabled)		\$586,597	\$1,254,161	\$1,354,139	\$1,478,863
Managed care NEMT (Adults without Kids)		\$0	\$89,778	\$216,292	\$273,327
Managed care NEMT (Families with Kids)		\$1,117,656	\$2,657,680	\$2,903,780	\$3,104,500
Medical transportation (Elderly & Disabled)		\$232,648	\$323,573	\$348,183	\$373,715
Medical transportation (Adults without Kids)		\$0	\$33,990	\$81,614	\$102,537
Medical transportation (Families with Kids)		\$429,458	\$865,677	\$952,687	\$1,018,613
Total MA General Fund		\$6,792,152	\$10,794,369	\$11,671,050	\$12,406,381

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33-FC	MA Grants	1,547	3,523	3,856	4,123
GF	33-AD	MA Grants	0	124	298	376
GF	33-ED	MA Grants	5,245	7,147	7,517	7,907
GF	11	Systems (MMIS)	4	1	1	1
GF	13	HCA Admin (Prior Auth. Contract)	141	141	141	141
		Total Net Fiscal Impact	6,937	10,936	11,813	12,548
		Full Time Equivalent				

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HF1350 - 2A - "Nonemergency Med Transport"

Chief Author: **Kim Norton**
 Committee: **Health and Human Services Finance**
 Date Completed: **04/07/2015**
 Agency: **Transportation Dept**

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
Trunk Highway	-	39	(12)	(12)	(12)	(12)
Total	-	39	(12)	(12)	(12)	(12)
Biennial Total			27			(24)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Trunk Highway	-	1.13	2.25	2.25	2.25
Total	-	1.13	2.25	2.25	2.25

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: Britta Reitan Date: 4/7/2015 12:59:54 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		FY2015	FY2016	FY2017	FY2018	FY2019
Trunk Highway	-	39	(12)	(12)	(12)	(12)
Total	-	39	(12)	(12)	(12)	(12)
Biennial Total			27			(24)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Trunk Highway	-	111	132	132	132	132
Total	-	111	132	132	132	132
Biennial Total			243			264
2 - Revenues, Transfers In*						
Trunk Highway	-	72	144	144	144	144
Total	-	72	144	144	144	144
Biennial Total			216			288

Bill Description

House File 1350-2A makes several changes related to the regulation of nonemergency medical transportation (NEMT) services, and payment for these services under MA. The bill requires NEMT providers to pay an annual fee to the Commissioner of Transportation, and modifies procedures for granting variances. The bill also specifies payment rates for the various modes of service, eliminates rate reductions for NEMT and ambulance services, and revises and restructures provisions governing the provision of NEMT services under MA. MnDOT currently is responsible for operating standards under MS 174.29 -.30, including annual vehicle inspections, for all special transportation (STS) vehicles, and Section 1, subd 17(c) requires all NEMT providers now comply with these standards they are also part of special transportation services.

Assumptions

Revenue:

We assume the \$45 decal revenue paid to MnDOT will be deposited in the Trunk Highway Fund (Technical note: language to this effect is needed)

\$45 annually will be collected from:

Current STS providers vehicles (no revenue collected currently): 2,300 as of January 2015.

Added NEMT vehicles: A variance application process began due to legislation passed in 2014 with significant changes to nonemergency medical transportation services. DHS had received variance applications for 11 additional providers with a total of 780 vehicles by January; however, as of March, the vehicle number had increased to 865. Therefore, we are unsure how much more these numbers may fluctuate, or whether additional providers will apply. We will assume 900 vehicles each year, with no change per year

Total vehicles = 3,200 (2,300 +900).

Expenditures:

MnDOT assumes the same inspection process will be used for all providers vehicles, and will take approximately the same

amount of time, though some additional provisions are added in this bill. MnDOT assumes 1.5 additional inspectors will be needed. This is based on the percentage of time current employees spend on STS inspection work (3 employees for 2,300 vehicles); it would equate to 1.2 FTEs, however, we assume 1.5 FTEs because several of the new companies have over 100 vehicles and drivers. Those inspections and audits take more time and are more in-depth and complicated than inspections and audits for providers with fewer vehicles and drivers.

The inspector FTEs are assumed to be Transportation Program Specialist 2s; estimated salary of 49,000 + 32% for average fringe benefits for the position. In addition, there would be ongoing costs of \$3,000 for outstate travel, supplies, etc.

Additional costs include

·0.25 legal FTE for the additional vehicles potentially involved in the variance process including consideration of application, writing letters of issuance or denial, and dealing with appeals. Assume a State Program Admin Intermediate at \$50,000 per year X 50% overhead, including fringe benefits. $\$50,000 \times 50\% \times .25 = \$18,750$.

·0.5 credentialing FTE for handling the additional calls regarding the new provisions, processing application information, etc. Assume a student paraprofessional at \$15,000 X 50% overhead, including fringe benefits. $\$15,000 \times 50\% \times .5 = \$11,250$.

One-time costs for inspectors include:

MnDOT vehicle equipped with 800MHz two-way radio: \$31,100

Uniform, cell phone, computer, printer and training: \$4,000

In addition, there will be the cost of additional decals (currently they are placed on STS vehicles following inspection). MnDOT's best information based on a recent purchase is that 10,000 decals from MnCORR is \$6,000. This will be an additional one-time cost.

We are unsure of when the additional inspections will begin and how many will occur in FY16, and will assume one-half year labor and other ongoing costs in FY16.

Expenditure and/or Revenue Formula

Revenue:

Decal revenue annually to the Trunk Highway Fund: $\$45 \times 3,200 \text{ vehicles} = \$144,000$; we will assume one half in FY2016 or \$72,000.

Expenditures:

Ongoing costs:

Inspectors - $49,000 + 32\% = \$64,680 + \$3,000 = \$67,680 \times 1.5 = \$101,500$; additional staff $\$18,750 + 11,250 = \$131,500$; round to \$132,000. Assume one half in FY16 = \$66,000.

One-time costs:

$\$31,100 + 4,000 + 6,000 = \$41,100 + \$4,000$ for one half FTE; MnDOT assumes it won't need to purchase an automobile for the one half FTE. Total \$45,100 round to \$45,000

Total FY2016 = $\$66,000 + \$45,000 = \$111,000$

Total FY2017-2019 = \$132,000

	2016	2017	2018	2019
-				
Revenue	72,000	144,000	144,000	144,000
Expenditures	111,000	132,000	132,000	132,000
Net Revenue	(39,000)	12,000	12,000	12,000
FTEs	1.125	2.25	2.25	2.25

Long-Term Fiscal Considerations

We assume expenditures and decal revenue will continue at the 2019 level.

Local Fiscal Impact

None

References/Sources

MnDOT Office of Freight and Commercial Vehicle Operations (OFCVO)

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