



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	SB0182	<b>Title:</b>	Set physician Medicaid rates as a percentage of rates paid by Medicare
<b>Primary Sponsor:</b>	Cobb, John	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$429,084	\$457,138	\$485,481	\$515,581
Federal Special Revenue	\$937,860	\$994,556	\$1,056,219	\$1,121,704
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$937,860	\$996,611	\$1,056,219	\$1,121,704
<b>Net Impact-General Fund Balance</b>	<u>(\$429,084)</u>	<u>(\$457,138)</u>	<u>(\$485,481)</u>	<u>(\$515,581)</u>

**Description of fiscal Impact:** This proposal provides that the aggregate reimbursement rate for physician services under the Medicaid program is 98 percent of the aggregate reimbursement rate for those services under the Federal Medicare Program. This will increase the aggregate reimbursement rate for physician services.

### FISCAL ANALYSIS

#### Assumptions:

1. Physician and Mid-level Practitioner Services are defined in ARM 37.86.101 and 37.86.201.
2. The current Medicaid to Medicare Payment Ratio for physician related services is 95%.
3. Medical costs are estimated to grow at 6.2% per year.

4. The total estimated amount of physician services and the total effect of the physician rate increase is depicted the following chart:

	Estimated Cost - based on 95% of Medicare Rate <i>current cost estimate</i>	Adjust Estimated Cost to 100% of Medicare Rate <i>current cost divided by 95%</i>	Estimated Cost - based on 98% of Medicare Rate <i>100% of cost times 98%</i>	Increase to move from 95% to 98% of Medicare Rate <i>98% cost less 95% of cost</i>
FY 2008	43,286,558	45,564,798	44,653,502	1,366,944
FY 2009	45,970,325	48,389,816	47,422,019	1,451,694
FY 2010	48,820,485	51,389,984	50,362,185	1,541,700
FY 2011	51,847,355	54,576,163	53,484,640	1,637,285

5. The effect on funds is based on a Federal Medical Assistance Percentages (FMAP) of 68.61 in FY 2008, 68.51 in FY 2009, estimated 68.51 in FY2010, and 68.51 in FY2011. The yearly breakdown is as follows:

	Annual Impact	General Fund (GF) Percentage Rate	General Funds Annual Impact X General Fund %	Federal Medical Assistance Percentage (FMAP) rate	Federal Funds Annual impact X FMAP %
FY 2008	1,366,944	31.39%	429,084	68.61%	937,860
FY 2009	1,451,694	31.49%	457,138	68.51%	994,556
FY 2010	1,541,700	31.49%	485,481	68.51%	1,056,219
FY 2011	1,637,285	31.49%	515,581	68.51%	1,121,704

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Benefits	\$1,366,944	\$1,454,694	\$1,541,700	\$1,637,285
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$429,084	\$457,138	\$485,481	\$515,581
Federal Special Revenue (03)	\$937,860	\$994,556	\$1,056,219	\$1,121,704
<b>TOTAL Funding of Exp.</b>	<u>\$1,366,944</u>	<u>\$1,451,694</u>	<u>\$1,541,700</u>	<u>\$1,637,285</u>
<b><u>Revenues:</u></b>				
Federal Special Revenue (03)	\$937,860	\$994,556	\$1,056,219	\$1,121,704
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$429,084)	(\$457,138)	(\$485,481)	(\$515,581)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Notes:**

The 2007 executive budget request for physician and mid-level services includes a 2.5% increase between FY 2007 and FY 2008 in DP#11501. If this bill passes and the funds from this fiscal note are appropriated, then the portion of DP#11501 that relates to physician services can be removed from the budget request.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*