



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2015 Biennium

Bill #	HB0241	Title:	Require DPHHS to provide Medicaid recipients with an explanation of benefits
Primary Sponsor:	Miller, Mike	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" 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 2014 Difference</u>	<u>FY 2015 Difference</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>
Expenditures:				
General Fund	\$161,550	\$155,358	\$165,212	\$175,692
Revenue:				
Federal Special Revenue	\$192,468	\$155,359	\$165,213	\$175,692
Net Impact-General Fund Balance:	<u>(\$161,550)</u>	<u>(\$155,358)</u>	<u>(\$165,212)</u>	<u>(\$175,692)</u>

Description of fiscal impact: This bill will require an explanation of benefits (EOB) to be provided to each Medicaid recipient whose costs are over \$500 in a calendar quarter.

FISCAL ANALYSIS

Assumptions:

1. The current Medicaid Management Information System (MMIS) does not have this functionality. The estimated programming cost for this requirement would be \$11,834.
2. Programming costs are funded at 25% general fund (\$2,958) and 75% federal funds (\$8,876).
3. This change would require additional contracted services at the department's fiscal agent for customer service representatives of \$50,000 to respond to client inquiries.
4. The customer service costs are funded at 25% general fund (\$12,500) and 75% federal funds (\$37,500).
5. An estimate of 35,000 client mailings per calendar quarter would be needed. The total number of client mailings would be 35,000 x 4 quarters = 140,000 client mailings in a state fiscal year.
6. The current estimated growth for Medicaid is 5.29%. The client mailings would grow by this estimated percentage. The calculation is 140,000 client mailings x 1.0529% = 147,406 in FY 2014; 147,406 client mailings x 1.0529% = 155,204 in FY 2015; 155,204 client mailings x 1.0529% = 163,414 in FY 2016; and 163,414 x 1.0529% = 172,059 in FY 2017.

7. The estimated costs for printing, folding, stuffing envelopes, and postage is \$1.96 in FY 2013. This cost would increase 1% each year. The costs would be \$1.98 in FY 2014; \$2.00 in FY 2015; \$2.02 in FY 2016; and \$2.04 in FY 2017.
8. The administrative costs are funded at 50% general fund (\$146,092) and 50% federal funds (\$146,092) for supplies and mailings.
9. The cost for the client mailings per year is shown in the following table:

	FY 2014	FY 2015	FY 2016	FY 2017
Client Mailings	147,406	155,204	163,414	172,059
Estimated cost per mailing	\$1.98	\$2.00	\$2.02	\$2.04
Total estimated costs	\$292,184	\$310,717	\$330,425	\$351,384
General Fund (50%)	\$146,092	\$155,358	\$165,212	\$175,692
Federal Fund (50%)	\$146,092	\$155,358	\$165,212	\$175,692

10. The total cost of providing EOBs is show on the following table:

	FY 2014	FY 2015	FY 2016	FY 2017
Programming	\$ 11,834	\$ 0	\$ 0	\$ 0
Customer Service	\$ 50,000	\$ 0	\$ 0	\$ 0
Mailings	\$292,184	\$310,717	\$330,425	\$351,384
Total	\$354,018	\$310,717	\$330,425	\$351,384
General Fund	\$161,550	\$155,358	\$165,212	\$175,692
Federal Fund	\$192,468	\$155,359	\$165,213	\$175,692

	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$354,018	\$310,717	\$330,425	\$351,384
TOTAL Expenditures	<u>\$354,018</u>	<u>\$310,717</u>	<u>\$330,425</u>	<u>\$351,384</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$161,550	\$155,358	\$165,212	\$175,692
Federal Special Revenue (03)	\$192,468	\$155,359	\$165,213	\$175,692
TOTAL Funding of Exp.	<u>\$354,018</u>	<u>\$310,717</u>	<u>\$330,425</u>	<u>\$351,384</u>
<u>Revenues:</u>				
Federal Special Revenue (03)	\$192,468	\$155,359	\$165,213	\$175,692
TOTAL Revenues	<u>\$192,468</u>	<u>\$155,359</u>	<u>\$165,213</u>	<u>\$175,692</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$161,550)	(\$155,358)	(\$165,212)	(\$175,692)

Technical Notes:

1. The department is under contract to design and develop a new MMIS for Montana. The new system, Health Enterprise, does contain the features and functions identified in this bill. Health Enterprise is scheduled for implementation in the spring of FY 2015.
2. The potential cost savings due to finding errors in claims cannot be estimated.

Sponsor's Initials

Date

Budget Director's Initials

Date