



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
SB0364 - Establish limits on hospital-related charges (Hertz, Greg)	
Status:	As Amended in Senate

<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 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
Expenditures:				
General Fund	\$269,863	\$259,483	\$265,254	\$271,080
* * * * *	There will also be additional unknown costs			
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	(\$269,863)	(\$259,483)	(\$265,254)	(\$271,080)

Description of fiscal impact: SB 364 establishes limits on hospital related charges and allows a person charged more than the 250% of the reimbursement rate allowed for the same care by the Medicare program established in Section 1 to file a complaint with the Department of Public Health and Human Services (DPHHS) (department). The department would require additional staffing 3.5 FTE for administrative and investigation of complaints.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

1. In SFY 2022, Medicaid received billing for 195,169 members. DPHHS received 512 Medicaid price complaints in SFY 2022 or 0.26% of the Montana Medicaid population (512 Complaints/195,169 members = 0.26%).
2. According to the United States Census Bureau, the current population of Montana is 1,122,867.
 - a. The department assumes the percentage of price complaints on hospital charges will be similar to those of Medicaid at 0.26% of the state population or 2,412 total complaints. (1,122,867 members X 0.26% = 2,412 complaints).
 - b. DPHHS assumes the number of complaints will remain relatively constant through FY 2027.

3. Based upon the departments Surveillance Utilization Review Section (SURS) reviews, it is estimated each complaint takes approximately three hours of administrative and investigative staff time.
4. DPHHS estimates an additional 7,236 hours of staff time or 3.50 FTE (compliance specialist 2) per year in order to meet the requirements of Section 1(2) of this bill. (7,236 hours of staff time/2,080 FTE hours per year = 3.50 FTE).
5. Personal services for these compliance specialist positions are estimated to be \$251,129 in FY 2024 and \$251,925 in FY 2025.
6. One-time office set up costs in FY 2024 is estimated at \$11,200, and ongoing operating costs associated with the FTE are estimated at 3% of personal services.
7. Funding for the 3.50 FTE is 100% General Fund.
8. There is a 1.5% increase in costs for FY 2026 and FY 2027.

Commissioner of Higher Education

* * * * **There will also be additional unknown costs** * * * *

9. The fiscal impact would be difficult to quantify.
10. The fiscal impact would be dependent on the individual hospital charges and if they are currently above or below the threshold outlined in the bill.
11. The amount of the chargemaster rate could also create a fiscal impact. Currently, the chargemaster rates are not publicly available.

Department of Administration, Healthcare and Benefits Division

* * * * **There will also be additional unknown costs** * * * *

12. The Department of Administration is unable to calculate any fiscal impact given the undeterminable reactions of the affected parties.


	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	3.50	3.50	3.50	3.50
<u>Expenditures:</u>				
Personal Services	\$251,129	\$251,925	\$257,528	\$263,184
Operating Expenses	\$18,734	\$7,558	\$7,726	\$7,896
TOTAL Expenditures	<u>\$269,863</u>	<u>\$259,483</u>	<u>\$265,254</u>	<u>\$271,080</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$269,863	\$259,483	\$265,254	\$271,080
TOTAL Funding of Exp.	<u>\$269,863</u>	<u>\$259,483</u>	<u>\$265,254</u>	<u>\$271,080</u>
* * * * There will also be additional unknown costs * * * *				
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$269,863)	(\$259,483)	(\$265,254)	(\$271,080)

Technical Notes:

1. SB 364 could impact outpatient Hospital Utilization Fees (HUF). The outpatient HUF fee is 0.9% of outpatient hospital revenue. 46% of the total outpatient HUF fees collected is used for the health reimbursement arrangement payments and the remaining 54% is deposited into the Montana Health and Economic Livelihood Partnership (HELP) Act special revenue account. A charge cap could reduce outpatient hospital revenue and therefore reduce the total outpatient HUF fees collected. The department is unable to quantify the impact a charge cap will have on outpatient revenue. For example, it is unlikely a charge cap will impact revenue from Medicare and Medicaid, but it could impact the contract rates with other insurance companies. It could also impact revenue generated from self-pay patients.
2. The chargemaster rates are not publicly available.

Sponsor's Initials

Date



Budget Director's Initials



Date