



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 960

PRINTERS NO. 2258 PRIME SPONSOR: Gingrich

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$	See fiscal

SUMMARY: Amends the Public Welfare Code.

ANALYSIS: This legislation would allow for implementation of the department's FY2011-12 budget and includes the following:

- 1) Provides for the provisions of House Bill 960 (Income Eligibility Verification System), House Bill 1261 (county of residence for cash benefits), House Bill 1297 (drug testing of applicants/ recipients with felony conviction for a drug offense);
- 2) Allows further reductions or eliminations to the Special Allowance program;
- 3) Authorizes changes to the Hospital Assessment program by adjusting the hospital assessment percentage to 3.22%, by indicating the amount of state savings (\$109m for FY11-12 as compared to \$121M in FY10-11), by requiring payments through the managed care organization capitation payments rather than current supplemental payments to assure compliance with federal CMS requirements/ approval for continued operation of the statewide assessment; by adjusting payments for inpatient stays for low cost outliers, by including language to address hospital sales-closures-mergers and by changing the readmission policy to 30 rather than 14 days;
- 4) Extends the nursing facility budget adjustment factor to June 30, 2013 and extends the deadline for adoption of final nursing facility regulations regarding new MA certified beds until June 30, 2012;
- 5) Allows one year of authority to expedite regulations necessary to make changes regarding determining eligibility, requiring copays as a condition of service, modifying benefit packages, revising payment rates-fee schedules, restricting presumptive eligibility and establishing provider qualifications and prohibits any new contracts unless cost-effective or for outside expertise;
- 6) Authorizes the department to restructure the current child care copayments based on a sliding income scale and to update annually with limits that a family's annual copayment cannot exceed 8% of the family's income (if 100% or less of federal poverty) or not exceed 11% if family's income exceeds 100% of federal poverty (family of 4 at 100% is \$22,350);
- 7) Authorizes imposition of a copayment or premium on the incomes of families with loophole children;
- 8) Limits dental and pharmacy benefits for medical assistance recipients 21 years or older;

- 9) Requires hospitals to charge no more than medical assistance rates for inpatient care provided to state/ county prisoners and requires other health care providers to charge no more than Medicare rates for outpatient care provided to this population;
- 10) Allows state/ county inmate who meet eligibility/ income requirements to be deemed medical assistance eligible for inpatient care. The county would be responsible for the state share of the cost; this provision should result in savings for counties and for the Department of Corrections.

FISCAL IMPACT: This legislation is the vehicle for implementation authority to achieve the anticipated state savings included in the General Fund budget for the Department of Public Welfare and the Department of Corrections. Specifically, the following state savings are included in the FY2011-12 budget for DPW: \$109million for the adjustment to the hospital assessment; \$4.8million for the payment change for hospital readmissions; \$10million for hospital low cost outliers payments; \$16million for restructuring child care copayments; \$53.7million for new limits on dental and pharmacy benefits; \$10million for imposition of copayments or premiums on families with 'loophole' children or a total of \$193.5million. The Department of Corrections' budget assumes \$4.5million in savings due to the provision requiring hospitals to charge no more than medical assistance rates for inpatient care provided to state/ county prisoners.

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House Appropriations Committee (R)

DATE: June 30, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.