



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1351

PRINTER'S NO. 2159

PRIME SPONSOR: Frankel

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY:

House Bill 1351 Printer's Number 2159 amends the act of June 13, 1967, known as the Human Services Code, to require reimbursement for every loaded mile driven for ground ambulance rides and establish payment rates for ambulance services, to make changes to the base data used in developing the nursing facility rates, to reauthorize the Quality Care Assessment, and to include requirements for the Pennsylvania Rural Health Redesign Center Authority.

ANALYSIS:

Section 443.13. Emergency Transportation Services

This legislation requires that beginning January 1, 2024, the Medical Assistance (MA) program will reimburse for every loaded ground ambulance mile driven. The reimbursement rate will be the greater of the published calendar year 2023 Medicare Fee Schedule rate or the MA Fee Schedule rate that has an effective date of January 1, 2023.

Fiscal Impact: Most of the individuals that use ground ambulance services are covered by the MA managed care program. The Department of Human Services (DHS) pays the Managed Care Organizations (MCOs) that participate in the MA managed care program a monthly capitation rate that covers all the services that an individual is eligible to receive in the program. The MCOs then pay providers for the services the individual uses. This includes payment to ground ambulance services providers by the MCOs at the rates established in this legislation.

The ground ambulance rates established in this legislation result in an increased rate from the previous fiscal year's rates, which will require DHS and its actuary to evaluate the impact of any needed increase to the MCO rates as DHS is required to pay MCO rates that are actuarially sound. Any increase to the rates paid to the MCOs would result in an increase in cost to the commonwealth as the result of the increase in ground ambulance rates. However, as the MCO rates have not been completed this time, any increase to those rates resulting from this legislation cannot be determined at this time.

However, the increase in cost to the MA program can be used to estimate the fiscal impact to the commonwealth in place of the increase to the MCO rates. Using this approach, DHS has estimated an increase in cost to the MA program as a result of reimbursing every loaded ground ambulance mile driven at the greater of the Medicare or the MA Fee Schedule rate to total \$21.5 million for January to June 2024 and \$43 million for FY 2024/25. The state share of the increase in MA cost is estimated to be approximately 35 percent, meaning the increase to state General Funds totals \$7.5 million for January to June 2024 and \$15 million for FY 2024/25. Sufficient funds have been appropriated in the MA Fee-for-Service, MA Capitation, and MA Community HealthChoices appropriations for this increase in MA cost. Therefore, there is no fiscal impact to the commonwealth.

Section 454.1. Case-Mix Rates for Nursing Facilities

DHS will calculate the nursing facility rates based on the cost data and peer group prices used in the calculation of these rates for FY 2022/23.

*Fiscal Impact: Any change in methodology used for the development of the nursing facility rates has been accounted for in the funds that were appropriated to the MA Long-Term Living and MA Community HealthChoices appropriations in Act 1A of 2023, the General Appropriations Act of 2023. Therefore, there is no fiscal impact to the commonwealth for FY 2023/24.*

### **Statewide Quality Care Assessment Reauthorization**

The Quality Care Assessment is re-authorized for an additional five fiscal years to sunset on June 30, 2028. Assessment rates are established for FY 2023/24 through FY 2027/28. Revenue received from this assessment is used to maintain access to hospital services for individuals enrolled into the commonwealth's Medical Assistance program by making payments to hospitals through the MA Fee-for-Services and managed care programs.

*Fiscal Impact: The Statewide Quality Care Assessment saves the state General Fund \$368 million for FY 2023/24 which was already assumed in the enacted budget. Therefore, there is no fiscal impact to the commonwealth for FY 2023/24. Beginning with FY 2024/25, the savings to the state General Fund will be \$452 million.*

### **Article XIV-D Pennsylvania Rural Health Redesign Center Authority**

This legislation adds a new article to the Human Services Code to continue the operation of the Pennsylvania Rural Health Redesign Center Authority from the requirements in Act 108 of 2019, which originally established the Authority. This legislation then rescinds Act 108 of 2019.

*Fiscal Impact: As the legislation continues operations for the Authority, which was previously established and operated under Act 108 of 2019, there is no fiscal impact to the commonwealth.*

This legislation will take effect immediately.

**PREPARED BY:** Mara Perez  
House Appropriations Committee (D)

**DATE:** October 18, 2023

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