

HF213 - 0 - "Nonemergency Med Transport"

Chief Author: **Greg Davids**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/03/2015**
 Agency: Human Services Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	2,321	2,641	3,024	3,172
Total	-	2,321	2,641	3,024	3,172
Biennial Total			4,962		6,196

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	2,321	2,641	3,024	3,172	-
Total	-	2,321	2,641	3,024	3,172	-
Biennial Total			4,962		6,196	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	2,321	2,641	3,024	3,172	-
Total	-	2,321	2,641	3,024	3,172	-
Biennial Total			4,962		6,196	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-		-	

Bill Description

This legislation ends a 4.5 percent rate reduction in the medical assistance program for most non-emergency medical transportation (NEMT) services and ambulance services provided after June 30, 2015. The rate reduction would apply to ambulances licensed under Minnesota Statutes 144E and base and mileage rates for special transportation services (STS). Payments for services provided in vehicles without the special transportation certificate from the Minnesota Department of Transportation would remain subject to the rate reduction.

Assumptions

Part A of this estimate projects the cost of ending the 4.5 percent rate reduction for all base and mileage rates for NEMT STS services, except volunteer mileage and personal mileage, and other travel costs. Department data suggest that approximately 81% of fee for service NEMT payments would be affected by ending this rate reduction. Part B of this estimate projects the cost of ending the 4.5 percent rate reduction on ambulance services effective for services effective July 1, 2015.

This estimate includes costs for increased managed care capitation rates resulting from this increase. Based on the original fiscal note from this rate reduction from 2011, it is assumed that approximately 1.25 percent of managed care payments are for ambulance services (slightly less for the elderly and disabled eligibility categories) and 1 percent of managed care payments are for NEMT services.

This rate change would require changes to DHS claims payment systems. The cost of making these changes is reflected in this estimate.

Expenditure and/or Revenue Formula

HF 0213-0 Eliminate 4.5% Rate Reduction for Nonemergency Transportation and Ambulance Services				
Section A: Sunset 4.5% Rate Reduction on NEMT	FY 2016	FY 2017	FY 2018	FY 2019
NEMT forecast	\$28,228,012	\$29,744,435	\$31,180,429	\$32,590,780
% impacted by rate reduction	81.00%	81.00%	81.00%	81.00%
NEMT forecast impacted by rate reduction	\$22,864,689	\$24,092,993	\$25,256,148	\$26,398,532

HF 0213-0 Eliminate 4.5% Rate Reduction for Nonemergency Transportation and Ambulance Services				
% change in NEMT pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	83.33%	100.00%	100.00%	100.00%
Total MA Cost	\$897,828	\$1,135,272	\$1,190,080	\$1,243,910
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$448,914	\$567,636	\$595,040	\$621,955
State share	\$448,914	\$567,636	\$595,040	\$621,955

Managed Care (NEMT) - Elderly and Disabled	FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast	\$1,291,588,846	\$1,129,007,970	\$1,167,062,170	\$1,256,650,368
% NEMT	1.00%	1.00%	1.00%	1.00%
Managed care NEMT	\$12,915,888	\$11,290,080	\$11,670,622	\$12,566,504
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	91.67%	100.00%	100.00%	100.00%
MA Cost (elderly and disabled)	\$557,885	\$531,993	\$549,925	\$592,139
HMO withhold payments	\$0	\$0	\$63,932	\$50,765
Total MA Cost (elderly and disabled)	\$557,885	\$531,993	\$613,856	\$642,904
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$278,943	\$265,997	\$306,928	\$321,452
State share	\$278,943	\$265,997	\$306,928	\$321,452

Managed Care (NEMT) - Adults without Children	FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast	\$1,673,102,921	\$1,619,331,117	\$1,698,484,938	\$1,784,089,204
% NEMT	1.00%	1.00%	1.00%	1.00%
Managed care NEMT	\$16,731,029	\$16,193,311	\$16,984,849	\$17,840,892
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	91.67%	100.00%	100.00%	100.00%
MA Cost (adults without kids)	\$722,675	\$763,036	\$800,333	\$840,670
HMO withhold payments	\$0	\$0	\$84,958	\$73,232
Total MA Cost (adults without kids)	\$722,675	\$763,036	\$885,292	\$913,902
Federal share %	100.00%	97.50%	94.50%	93.50%

Managed Care (NEMT) - Adults without Children	FY 2016	FY 2017	FY 2018	FY 2019
Federal share	\$722,675	\$743,960	\$836,600	\$854,498
State share	\$0	\$19,076	\$48,691	\$59,404

Managed Care (NEMT) - Families with Children	FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast	\$2,460,894,645	\$2,397,086,622	\$2,508,133,358	\$2,634,089,817
% NEMT	1.00%	1.00%	1.00%	1.00%
Managed care NEMT	\$24,608,946	\$23,970,866	\$25,081,334	\$26,340,898
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	91.67%	100.00%	100.00%	100.00%
MA Cost (families with kids)	\$1,062,952	\$1,129,517	\$1,181,843	\$1,241,194
HMO withhold payments	\$0	\$0	\$125,170	\$108,300
Total MA Cost (families with kids)	\$1,062,952	\$1,129,517	\$1,307,013	\$1,349,494
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$531,476	\$564,759	\$653,507	\$674,747
State share	\$531,476	\$564,759	\$653,507	\$674,747

Long-Term Fiscal Considerations

Expenditure and/or Revenue Formula Continued

Section B: Sunset 4.5% Rate Reduction on Ambulance Services				
Fee for Service - Elderly and Disabled	FY 2016	FY 2017	FY 2018	FY 2019
Medical transportation forecast	\$10,299,630	\$11,024,253	\$11,786,644	\$12,587,607
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	83.33%	100.00%	100.00%	100.00%
Total MA Cost (elderly and disabled)	\$404,436	\$519,467	\$555,392	\$593,133
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$202,218	\$259,734	\$277,696	\$296,567
State share	\$202,218	\$259,734	\$277,696	\$296,567

Fee for Service - Adults without Children	FY 2016	FY 2017	FY 2018	FY 2019
Medical transportation forecast	\$8,311,554	\$8,611,760	\$8,916,043	\$9,233,955
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	83.33%	100.00%	100.00%	100.00%
Total MA Cost (adults without children)	\$326,370	\$405,790	\$420,128	\$435,108
Federal share %	100.00%	97.50%	94.50%	93.50%
Federal share	\$326,370	\$395,645	\$397,021	\$406,826
State share	\$0	\$10,145	\$23,107	\$28,282

Fee for Service - Families with Children	FY 2016	FY 2017	FY 2018	FY 2019
Medical transportation forecast	\$6,493,119	\$6,779,593	\$7,101,573	\$7,435,404
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	83.33%	100.00%	100.00%	100.00%
Total MA Cost (families with children)	\$254,965	\$319,457	\$334,629	\$350,359
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$127,483	\$159,729	\$167,315	\$175,180
State share	\$127,483	\$159,729	\$167,315	\$175,180

Managed Care - Elderly and Disabled	FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast	\$1,291,588,846	\$1,129,007,970	\$1,167,062,170	\$1,256,650,368
% medical transportation	0.24%	0.24%	0.24%	0.24%
Managed care medical transportation	\$3,099,813	\$2,709,619	\$2,800,949	\$3,015,961
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	91.67%	100.00%	100.00%	100.00%
MA Cost (elderly and disabled)	\$133,892	\$127,678	\$131,982	\$142,113
HMO withhold payments	\$0	\$0	\$15,344	\$12,184
Total MA Cost (elderly and disabled)	\$133,892	\$127,678	\$147,326	\$154,297
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$66,946	\$63,839	\$73,663	\$77,148
State share	\$66,946	\$63,839	\$73,663	\$77,148

Managed Care - Adults without Children	FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast	\$1,673,102,921	\$1,619,331,117	\$1,698,484,938	\$1,784,089,204

Managed Care - Adults without Children	FY 2016	FY 2017	FY 2018	FY 2019
% medical transportation	1.25%	1.25%	1.25%	1.25%
Managed care medical transportation	\$20,913,787	\$20,241,639	\$21,231,062	\$22,301,115
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	91.67%	100.00%	100.00%	100.00%
MA Cost (adults without kids)	\$903,344	\$953,795	\$1,000,417	\$1,050,838
HMO withhold payments	\$0	\$0	\$106,198	\$91,539
Total MA Cost (adults without kids)	\$903,344	\$953,795	\$1,106,614	\$1,142,377
Federal share %	100.00%	97.50%	94.50%	93.50%
Federal share	\$903,344	\$929,950	\$1,045,751	\$1,068,123
State share	\$0	\$23,845	\$60,864	\$74,255

Managed Care - Families with Children	FY 2016	FY 2017	FY 2018	FY 2019
Managed care forecast	\$2,460,894,645	\$2,397,086,622	\$2,508,133,358	\$2,634,089,817
% medical transportation	1.25%	1.25%	1.25%	1.25%
Managed care medical transportation	\$30,761,183	\$29,963,583	\$31,351,667	\$32,926,123
% change in pmts	4.71%	4.71%	4.71%	4.71%
Phase-in	91.67%	100.00%	100.00%	100.00%
MA Cost (families with kids)	\$1,328,690	\$1,411,897	\$1,477,304	\$1,551,493
HMO withhold payments	\$0	\$0	\$156,463	\$135,375
Total MA Cost (families with kids)	\$1,328,690	\$1,411,897	\$1,633,766	\$1,686,867
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	\$664,345	\$705,948	\$816,883	\$843,434
State share	\$664,345	\$705,948	\$816,883	\$843,434

Local Fiscal Impact

Expenditure and/or Revenue Formula Continued

Fiscal Summary (State Share)	FY 2016	FY 2017	FY 2018	FY 2019
Access Services	\$448,914	\$567,636	\$595,040	\$621,955

Fiscal Summary (State Share)	FY 2016	FY 2017	FY 2018	FY 2019
Managed care NEMT (Elderly & Disabled)	\$278,943	\$265,997	\$306,928	\$321,452
Managed care NEMT (Adults without Kids)	\$0	\$19,076	\$48,691	\$59,404
Managed care NEMT (Families with Kids)	\$531,476	\$564,759	\$653,507	\$674,747
Medical transportation (Elderly & Disabled)	\$269,164	\$323,573	\$351,359	\$373,715
Medical transportation (Adults without Kids)	\$0	\$33,990	\$83,971	\$102,537
Medical transportation (Families with Kids)	\$791,828	\$865,677	\$984,198	\$1,018,613
Total MA General Fund	\$2,320,324	\$2,640,707	\$3,023,693	\$3,172,422

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	33-ED	MA Grants	548	590	658	695
GF	33-AD	MA Grants	0	53	133	162
GF	33-FC	MA Grants	1,772	1,998	2,233	2,315
GF	11	Systems (MMIS)	1	0	0	0
		Total Net Fiscal Impact	2,321	2,641	3,024	3,172
		Full Time Equivalent				

References/Sources

DHS Reports and Forecasts division.

DHS February, 2015 Forecast

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