

## Department of Planning and Budget

### 2021 Fiscal Impact Statement

**1. Bill Number:** HB 2022

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Head

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Department of Medical Assistance Services; agreements with managed care organizations; requirements for hospice and home care providers.

**5. Summary:** The proposed legislation requires the Department of Medical Assistance Services (DMAS) to include the following provisions in any agreements with managed care organizations related to the provision of hospice and home care services.

- Develop specific requirements for participation in such managed care organization's provider network by providers of hospice and home care services and communicate such requirements to participating hospice and home care providers in writing at such time as a contract is entered into or renewed;
- Communicate, in writing, any changes to requirements for participation in the managed care organization's provider network by providers of hospice or home care services to such providers at least 90 days prior to the date on which such changes become effective;
- Develop an audit process for identifying hospice and home care providers that do not meet requirements for participation in the managed care organization's provider network and provide information about and a written explanation of such process to each participating hospice and home care provider at such time as a contract is entered into or renewed;
- Provide training opportunities and technical assistance to hospice and home care providers participating in the managed care organization's provider network regarding compliance with requirements for participation, changes to such requirements, and the audit process;
- In any case involving a violation by a hospice or home care provider of requirements for participation in the managed care organization's provider network that are technical in nature and do not involve violations related to adherence to a plan of care, (i) allow the hospice or home care provider opportunity to correct the issue that led to the violation and (ii) provide technical assistance and support to such hospice or home care provider as needed to comply with the requirements for participation in the managed care organization's provider network;
- Provide a process by which a hospice or home care provider that is found to have violated the requirements for participation in a managed care organization's provider network may appeal such finding to DMAS; and
- Agree to abide by any DMAS decision regarding the continued participation of a hospice or home care provider in the managed care organization's provider network following an appeal.

In addition, DMAS must establish a process for review of any appeals made under the provisions of this bill.

6. **Budget Amendment Necessary:** Yes

7. **Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	-	-	-
2022	\$636,018 \$1,234,623	1.0 1.0	General Nongeneral
2023	\$636,018 \$1,234,623	1.0 1.0	General Nongeneral
2024	\$636,018 \$1,234,623	1.0 1.0	General Nongeneral
2025	\$636,018 \$1,234,623	1.0 1.0	General Nongeneral
2026	\$636,018 \$1,234,623	1.0 1.0	General Nongeneral
2027	\$636,018 \$1,234,623	1.0 1.0	General Nongeneral

8. **Fiscal Implications:** This bill directs DMAS to have MCOs develop specific requirements for participation in MCO's provider network. Currently MCOs have provider agreements in place, which include but are not limited to claims processing, licensing requirements, rates, etc. MCOs are currently required to monitor compliance with all applicable federal and state laws and regulations, including those not specified in the MCO and provider agreement.

The bill's requirements would expand on the existing agreements between the MCOs and the providers. In order to comply with these changes each MCO would need additional resources to provide training and compliance monitoring to their providers. DMAS does not have sufficient information with regard to the intent and scope of the bill with regard to the definition of "home care services" and "requirements for participation" to generate a specific fiscal estimate. However, assuming the bill's provisions were defined to impact approximately 64,000 hospice and home care providers, based on historical costs, DMAS estimates that MCO costs could increase by approximately \$1.6 million (\$544,000 general fund). As a result, this would impact the capitation rates paid by DMAS.

Again, there is insufficient information to anticipate the volume of appeals that will be filed by impact providers, however in 2020 providers terminated were an average of 119 per MCO (711 per year in total). If these providers are allowed to appeal, it is assumed that roughly 60 percent would appeal as termination from a network would severely affect a provider's profitability. As such, DMAS would need two staff members to process audit and process appeals. Total estimated cost based on average salary, benefits and indirect costs is approximately \$270,641 (\$92,018 general fund).

All of the above estimates were allocated 32 percent to Medicaid Expansion based on the January 2021 enrollment report.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Medical Assistance Services

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None