

## HB 463 Medicaid Funding Amendments

### **Sponsor: Rep. Brady Brammer**

The bill establishes conditions in which a Medicaid shortfall can occur. These are the following conditions:

1. The state's FMAP decreases by more than one percentage point in a one year period, or three percentage points within a three year period
2. The LFA projects that state expenditures for the Medicaid program exceed the amount of funds appropriated to the program
3. Revenue estimates adopted by the EAC are insufficient to pay the ongoing appropriations for the Medicaid program in any fiscal year, or,
4. An operating deficit

If any of the above conditions are met, within 45 days:

- The Legislature must meet and appropriate enough funds to cover the shortfall
- EAC must adopt revised revenue estimates that are sufficient to pay the ongoing appropriations for the fiscal year

If the above actions are not taken, the Medicaid program must take the following "cost control measures" in the following order, one at a time, until all costs are covered:

- Freeze Medicaid hiring and salary increases
- Suspend increasing provider reimbursement rates
- Suspend expanding reimbursement benefits, including drug reimbursement
- Cancel coverage for any optional services or populations covered under the program
- Roll back provider reimbursement increases made within the last year
- Close enrollment to new members

There's also some language about the Medicaid Restricted Account that I don't understand the impact of. I'm working on getting some answers there.

#### **IMPACT ON PROVIDERS**

- Stress on budgets and planning as a result of lack of certainty around provider rates
- Procedures and appointments are often made more than 45 days in advance, can be over six months, will increase non-shows and cancellations within the Medicaid program
  - This could result in less providers serving Medicaid patients- disparate impact in rural and frontier communities that already lack access
- ER utilization will increase: When patients do not have access to primary and preventative services and affordable medications, they use the ER and these costs are not often recouped by hospitals

#### **IMPACT ON PATIENTS**

- UNCERTAINTY: Patients will have no idea what type of coverage, if any, they will have in the next 45 days
  - o Bill has the potential to disrupt treatment plans, chronic disease management, postpartum care, medication regimens, cancer treatment, dental services, and more
- Negative health outcomes
  - o less coverage, or no coverage, will result in a sicker population and a rise in preventable chronic diseases like diabetes
  - o those on Medicaid with currently controlled chronic conditions may deteriorate if their coer
- Medicaid covers more than 60 percent of all nursing home residents and roughly 50 percent of costs for long-term care services and supports
- In order to receive federal funding, states must cover certain “mandatory” populations:
  - o children through age 18 in families with income below 138 percent of the federal poverty line
  - o people who are pregnant and have income below 138 percent of the poverty line;
  - o certain parents or caretakers with very low income; and
  - o most seniors and people with disabilities who receive cash assistance through the Supplemental Security Income (SSI) program.

Federal rules require state Medicaid programs to cover certain “mandatory” services, such as hospital and physician care, laboratory and X-ray services, home health services, and nursing facility services for adults

**All other coverage is OPTIONAL.**

#### **LEGAL IMPLICATIONS**

- Likely that this would be challenged legally, either from the Centers for Medicare and Medicaid services, or from Medicaid members and/or providers

#### **OTHER CONCERNS**

- There are no provisions in the bill to “backtrack” or reinstate services, coverage, re-open enrollment, unfreeze provider rater increases and unfreeze hiring and salary increases.