

March 6, 2017

The Honorable Daniel Hawkins, Chairperson  
House Committee on Health and Human Services  
Statehouse, Room 521-E  
Topeka, Kansas 66612

Dear Representative Hawkins:

**SUBJECT:** Fiscal Note for HB 2285 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2285 is respectfully submitted to your committee.

HB 2285 would create a voluntary intergovernmental transfer program relating to Medicaid managed care, ground emergency medical transport and pre-stabilization services, and create supplemental Medicaid reimbursement for ground emergency medical transportation. Emergency transport providers would need to be enrolled as a Medicaid provider, and must be owned or operated by the state, a political subdivision or local government. The bill would limit payment of either supplemental reimbursement or increased reimbursement to only those providers with a valid permit to operate an ambulance service. The non-federal share of the supplemental or increased reimbursement would come from local governmental entities that oversee eligible providers and not from the State General Fund. HB 2285 would allow the Kansas Department of Health and Environment (KDHE) to assess an administration fee of up to 20.0 percent from the non-federal share paid to the Department. This fee could count as a cost of providing services not to exceed 120.0 percent of the total amount. The program would go into effect upon approval by the federal Center for Medicare and Medicaid Services (CMS).

| Estimated State Fiscal Effect |                |                      |                |                      |
|-------------------------------|----------------|----------------------|----------------|----------------------|
|                               | FY 2018<br>SGF | FY 2018<br>All Funds | FY 2019<br>SGF | FY 2019<br>All Funds |
| Revenue                       | --             | --                   | --             | \$6,263,450          |
| Expenditure                   | \$288,963      | \$577,925            | --             | \$6,263,450          |
| FTE Pos.                      | --             | 0.50                 | --             | 0.50                 |

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The passage of HB 2285 would not have a fiscal effect for the Emergency Medical Services Board. The Kansas Association of Counties assumes that some county and local governments would experience reduced expenditures as a result of receiving supplemental Medicaid reimbursement for providing emergency medical transport services.

The bill would have a fiscal effect for KDHE based on the following assumptions. First, CMS stopped approving new supplemental reimbursement activities after July 1, 2016; however, the bill is structured as an intergovernmental transfer (IGT) program with a corresponding increase in the rate schedule for covered emergency transportation services. Second, as required by the CMS Managed Care Rule, all providers would benefit from the increased rates regardless of their participation in the IGT process. Third, by redefining the process as a voluntary IGT and a rate increase, the possibility of CMS approval would be more likely. If, however, sufficient IGT funding is not collected to fund the increased rates, the rate schedule would have to be reduced to match the transfer amount. It is unknown how CMS would interpret this as a requirement to participate. The estimated IGT fiscal effect is based on full cost and utilization reporting compliance from all emergency medical transport providers (EMTs). A recent survey found only 33.0 percent of EMTs would be able to respond to the reporting requirements. This would reduce the IGT effect by approximately two-thirds, and necessitate a corresponding rate reduction. The bill would also include payment for pre-stabilization and preparation for transport as part of the increased reimbursement to eligible providers. Currently Medicaid does not pay for pre-stabilization and preparation for transport. The state would incur costs of \$288,963 from the State General Fund in FY 2018 for a contract to train EMT staff, as well as collect and analyze cost data. KDHE indicates that 20.0 percent of the new IGT would be designated for administrative expenses including one half-time FTE position to manage the program, beginning in FY 2018. The IGT payment cycle would begin in FY 2019. Any fiscal effect associated with HB 2285 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,  
Director of the Budget

cc: Dan Thimmesch, Health & Environment  
Joe House, EMS  
Brock Ingmire, League of Municipalities  
Melissa Wangemann, Association of Counties