

Medicaid Monitoring

Provider Rates: LCCF01 Decision Points

Prepared for the Children, Families, Health, and Human Services Interim Committee
March 2012

Background

In January 2012, the Children, Families, Health, and Human Services Interim Committee approved the drafting of a bill to provide payments to Medicaid providers who lost anticipated funding due to budget issues in fiscal year 2011. Because the state's projected ending fund for that year fell below the level required by law, Gov. Schweitzer was required to reduce state general fund spending. Among other things, the governor's reductions eliminated:

- a one-time-only increase of 2% in the Medicaid reimbursement rates paid to most individuals and organizations that provide services; and
- a 6% increase for physicians who participate in the Medicaid program.

The attached bill draft, LCCF01, provides the general framework for accomplishing the committee's goal of making payments to providers. However, some elements require further committee consideration. This briefing paper outlines those elements.

Bill Draft Decision Points

In order to develop a final bill draft for public comment and action, the committee should provide staff with direction on the following questions:

1. Should the bill draft provide an appropriation of \$5.6 million, which reflects the amount of the 2% rate increase for non-physician providers, or an appropriation of \$6.4 million, which would reflect both the 2% increase and the 6% physician rate increase?
2. Should the bill draft provide a higher appropriation to reflect the amount of federal or state special revenue funds that providers also would have received if they had been paid at a higher rate in fiscal year 2011?

The current draft contains the amount of general fund dollars that providers were slated to receive. If the money had been spent on services in fiscal year 2011, providers also would have received federal Medicaid or state special revenue funds for the services. Those funds would have totaled about \$7.8 million for the 2% rate increase or nearly \$8 million if the match for the physician rate increase is included.

3. Should the bill draft include direction to the Department of Public Health and Human Services on how it must distribute the funds? If so, should additional factors be added to the current draft?

Subsection (3) of Section 1 limits reimbursements to providers who were participating in the Medicaid program as of June 31, 2010, and requires DPHHS to develop a payment formula that takes each provider's fiscal year 2010 caseload into account.