

Fiscal Estimate - 2007 Session

Original
 Updated
 Corrected
 Supplemental

| | |
|------------------------------------|---|
| LRB Number 07-0145/1 | Introduction Number AB-0385 |
|------------------------------------|---|

Description
 Deadlines for payment of provider claims under the Medical Assistance and Badger Care programs and the prescription drug assistance program for elderly persons

Fiscal Effect

State:

- | | | |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs |
|---|--|---|

Local:

- | | | |
|--|--|--|
| <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

Fund Sources Affected

Affected Ch. 20 Appropriations

GPR FED PRO PRS SEG SEGS S.20.435(4)(bm) and (4)(pa)

Agency/Prepared By

Authorized Signature

Date

DHFS/ Matthew Schwei (608) 266-5422

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7/9/2007

Fiscal Estimate Narratives
DHFS 7/9/2007

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Assumptions Used in Arriving at Fiscal Estimate

This bill mandates that DHFS issue payment for at least 95 percent of claims for covered services properly completed and submitted by the provider in a timely manner under Medical Assistance (MA), Badger Care, and Senior Care programs within 30 days of receipt of the claims and issue payment for 100 percent of such claims within 45 days of receipt. Current law requires DHFS to issue payment for at least 95 percent of provider claims within 30 days of receipt of the claims, issue payment for at least 99 percent of claims within 90 days of receipt, and issue payment for 100 percent of claims within 180 days of receipt. The bill maintains exemptions for (a) claims related to a court order, hearing decision, or corrective action taken by DHFS; (b) claims also made under Medicare; or (c) instances when federal payment deadlines are waived.

By contract, EDS serves as the fiscal agent for Wisconsin's MA, Badger Care, and Senior Care programs whereby EDS receives, processes, and pays all claims submitted by licensed MA providers in accordance with current law. In CY2006, EDS processed 29,981,100 MA related claims, of which 99.82% were processed in 30 days or less and 99.99% were processed in 45 days or less. Only 272 claims took longer than 45 days to process and all claims were processed within 100 days of receipt in accordance with current statutes. On average, claims were processed by EDS within 2.8 days of receipt.

In order to ensure that 100% of MA claims are processed and paid within the proposed 45 day period, a formal contract amendment would be required. An initial estimate from EDS to amend the fiscal agent services/Medicaid Management Information System (MMIS) contract to change the performance standards to the proposed would require: \$44,754 to modify the current MMIS system, \$70,401 to modify the new MMIS system scheduled to be implemented in CY08, and \$271,349 annually for increases in claims processing staff.

Though only 272 claims in 2006 took longer than 45 days to process, over 54,000 were processed with 30 to 45 days. To maintain performance standards which would ensure all claims are be processed within 45 days, the fiscal agent estimates an additional 4 contract positions would be required to process and resolve issues with lagging claims (those past 30 days) in advance of the 45 day mandate.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

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| Description Deadlines for payment of provider claims under the Medical Assistance and Badger Care programs and the prescription drug assistance program for elderly persons | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): An initial estimate from EDS to amend the fiscal agent services/Medicaid Management Information System (MMIS) contract to change the performance standards to the proposed would require: \$44,754 to modify the current MMIS system, \$70,401 for new system implementation costs. (\$115,200 total one-time costs) | | | |
| II. Annualized Costs: | | Annualized Fiscal Impact on funds from: | |
| | | Increased Costs | Decreased Costs |
| A. State Costs by Category | | | |
| State Operations - Salaries and Fringes | \$ | \$ | |
| (FTE Position Changes) | | | |
| State Operations - Other Costs | 271,300 | | |
| Local Assistance | | | |
| Aids to Individuals or Organizations | | | |
| TOTAL State Costs by Category | \$271,300 | | \$ |
| B. State Costs by Source of Funds | | | |
| GPR | 135,650 | | |
| FED | 135,650 | | |
| PRO/PRS | | | |
| SEG/SEG-S | | | |
| III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.) | | | |
| | Increased Rev | Decreased Rev | |
| GPR Taxes | \$ | \$ | |
| GPR Earned | | | |
| FED | | | |
| PRO/PRS | | | |
| SEG/SEG-S | | | |
| TOTAL State Revenues | \$ | \$ | |
| NET ANNUALIZED FISCAL IMPACT | | | |
| | State | Local | |
| NET CHANGE IN COSTS | \$271,300 | \$ | |
| NET CHANGE IN REVENUE | \$ | \$ | |
| Agency/Prepared By | | Authorized Signature | Date |
| DHFS/ Matthew Schwei (608) 266-5422 | | Andy Forsaith (608) 266-7684 | 7/9/2007 |