

Fiscal Estimate Narratives

DHS 12/18/2009

LRB Number	09-3042/1	Introduction Number	SB-418	Estimate Type	Original
Description Disclosure of information by health care providers and insurers and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, health care providers must provide health care consumers with the median billed charges for inpatient or outpatient health care services, diagnostic tests, or other procedures that the consumer specifies. In addition, at the consumer's request, the health care provider must supply immediately and onsite a document with the following information for each of 25 presenting conditions: (1) the median billed charged for the health care services, diagnostic tests, or procedures commonly performed to treat the presenting condition (2) if the health care provider is a certified Medical Assistance (MA) provider, the MA payment rate for the services (3) if the health care provider is a certified Medicare provider, the Medicare payment rate for the services and (4) the average allowable payment from private, third party payers for the services.

A violation of the bill's requirements is subject to a forfeiture of up to \$500. An alleged violator may contest the forfeiture through the administrative hearings process. All fines collected by the Department of Health Services (DHS) must be transferred to the school fund.

DHS has three primary responsibilities in this bill. First, provisions of this bill will affect Wisconsin's state-operated health care facilities, the State Centers for the Developmentally Disabled (DD Centers) and mental health institutes (Winnebago and Mendota Mental Health Institutes). Wisconsin's state-operated DD Centers and mental health institutes charge a daily rate for services. The billed rates are currently published on the DHS website. However, Medicare, MA, and third party payer payment rates are not published on the website or in written form. The cost of revising the current report to include Medicare, MA, and the average allowable payment from third-party payers is minimal and could be absorbed within the current budget.

Second, this bill requires DHS to annually produce a list of the top 25 presenting conditions health care providers must report on, based on the previous year's MA claims data. DHS is required to establish, in consultation with the Wisconsin Collaborative for Healthcare Quality (WCHQ), the methods by which a health care provider is to calculate and present median billed charges for the services, diagnostic tests or procedures used to treat the top 25 presenting conditions.

It is assumed the Centers for Medicare and Medicaid Services (CMS) would view these activities as benefiting the general population, and will not provide a benefit to MA participants. Therefore, it is assumed all costs will be paid with general purpose revenue (GPR).

DHS would work with its contracted vendor to create and execute a report to analyze the previous year's MA claims data for presenting condition and associated procedure information. This work would cost approximately \$2,500 the first year for programming costs, and approximately \$200 each year thereafter to execute and analyze the report. DHS would then consult with WCHQ as required by the bill. WCHQ consulting fees are estimated to be approximately \$6,400 per year. The Department estimates it will take 10 percent of one FTE's time, or approximately \$8,200, to annually produce the reports required by this bill and consult with WCHQ.

Third, the bill requires the Department to assess forfeitures of not more than \$500 for each violation of this bill's provisions. The Department estimates .25 FTE Auditor positions are required to monitor compliance and impose fines when appropriate. The estimated cost of the Auditor is \$22,300 per year. Hearings and appeals related to violations will increase the hearings and appeals caseload by an estimated 5 percent per month, or 170 cases per year. An average hearing and appeal costs approximately \$600; therefore, it is anticipated the Department would incur additional hearings expenses of \$102,000 per year. In summary, the total cost to the Department is \$139,100 GPR per year, plus an additional \$2,500 GPR for one-time programming costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Disclosure of information by health care providers and insurers and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time programming costs of \$2,500 GPR for a contracted vendor to create and execute a report to analyze the previous year's MA claims data to identify the 25 presenting conditions for which services were most frequently provided.			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$30,500		\$
(FTE Position Changes)			
State Operations - Other Costs	108,600		
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$139,100		\$
B. State Costs by Source of Funds			
GPR	139,100		
FED			
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	\$139,100		\$
NET CHANGE IN REVENUE	\$		\$
Agency/Prepared By		Authorized Signature	Date
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