

Fiscal Estimate - 2021 Session

Original Updated Corrected Supplemental

LRB Number 21-3686/1 **Introduction Number AB-0485**

Description
prior authorization of specially formulated nutritional supplements and replacements

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
 - Increase Existing Revenues
 - Decrease Existing Revenues
 - Increase Costs - May be possible to absorb within agency's budget
 - Yes
 - No
 - Decrease Costs

Local:

- No Local Government Costs
- Indeterminate
- 1. Increase Costs Permissive Mandatory
- 2. Decrease Costs Permissive Mandatory
- 3. Increase Revenue Permissive Mandatory
- 4. Decrease Revenue Permissive Mandatory
- 5. Types of Local Government Units Affected
 - Towns Villages Cities
 - Counties Others
 - School Districts WTCS Districts

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR FED PRO PRS SEG SEGS

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DHS 10/20/2021

LRB Number	21-3686/1	Introduction Number	AB-0485	Estimate Type	Original
Description prior authorization of specially formulated nutritional supplements and replacements					

Assumptions Used in Arriving at Fiscal Estimate

The original version of this bill removes Wisconsin Medicaid's prior authorization requirement for parenteral nutritional formulae and retains prior authorization requirements under current law only for enteral nutritional supplements and replacements administered orally. Under the provisions of Substitute Amendment 1, this bill instead removes Wisconsin Medicaid's prior authorization requirement for nutritional formulae administered via feeding tube and retains all other prior authorization requirements under current law for parenteral formulae and enteral formulae not administered via feeding tube.

Under current law, the Wisconsin Medicaid program requires prior authorization for certain medical services, including enteral nutritional formulae administered via feeding tube. For these services, providers must submit a prior authorization request to the Department of Health Services, which must approve the request before the service is provided. The prior authorization process is designed to ensure that the services that Medicaid participants receive are medically necessary, appropriate, and meet other quality standards for care. The Department can approve the request, approve the request with modification, or deny the request.

Wisconsin Medicaid's prior authorization request process for enteral nutritional formulae administered by feeding tube is automated, with manual review required for only a small portion of requests. This automated system guides the provider through the request process to ensure accuracy. Anyone who is only fed via feeding tube will be automatically approved for twelve months, and children with certain conditions will be automatically approved for six months.

Currently less than 0.15% of prior authorization requests for enteral nutrition are denied. In 2020 the potential cost of these denied requests for formulae administered via feeding tube totaled \$3,000.

This bill with substitute amendment would remove the prior authorization requirement for nutritional formulae administered by feeding tube. Although technically the provisions of this bill could result in nutritional formulae being administered to Medicaid patients in cases when it would otherwise be denied in the prior authorization process or in cases when the prior authorization process otherwise would have dissuaded providers from requesting approval, in practice the Department expects such instances to be rare. Thus, the Department projects no increase in Medicaid service utilization and no fiscal impact associated with this bill.

Long-Range Fiscal Implications