Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2021 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **21-5476/1**	Introduction Number **SB-826**

Description
emergency medical transportation services under Medical Assistance program and making an appropriation

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 ☒ Village ☒ Cities
     - ☒ Counties ☐ Others
     - ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☒ GPR ☒ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations
s. 20.435 4(b), 4(bm), 4(o), and 4(pa)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DHS 2/3/2022

LRB Number **21-5476/1**	Introduction Number **SB-826**	Estimate Type **Original**
Description emergency medical transportation services under Medical Assistance program and making an appropriation		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, ambulance services provided to Medicaid members are reimbursed under managed care or on a fee-for-service basis through a combination of initial and supplemental payments. Effective January 1, 2021, per Wisconsin's approved Medicaid State Plan, base rates for ambulance services were adjusted to 80% of applicable Wisconsin-specific Medicare Part B rates. Ambulance services for which no comparable Medicare rate exists were adjusted by applying a federally-specified compounded inflation factor. As part of 2021 Wisconsin Act 58, an additional rate increase was implemented on January 1, 2022, raising rates for ground ambulance transport services to 80% of the 2021 Medicare urban base rates applicable in Wisconsin.

In addition, per the requirements of current law under s. 49.45(51), each fiscal year Medicaid provides $5.0 million All Funds in supplemental reimbursement to local governments that provide ambulance services to Medicaid members. The Department of Health Services distributes this supplemental funding to local governments, proportionate to their initial share of Medicaid reimbursements for ambulance services. The Department then receives federal Medicaid matching funds for a portion of the supplemental payments. Both initial and supplemental payments are eligible for federal matching up to the amount that local governments would be compensated for the same services provided under Medicare; under the State Plan, the portion of supplemental payments that exceeds Medicare rates is not eligible to receive federal Medicaid matching funds. Since the supplemental payment has been implemented, Medicaid ambulance rates, as a portion of Medicare rates, have increased, and the portion of the supplemental payments eligible for federal matching has decreased.

In calendar year 2021, 210 public and 188 private ambulance providers received reimbursement for delivering ambulance services under Medicaid's fee for service and managed care programs. Medicaid covered a total of $26.9 million All Funds ($9.2 million GPR) in ambulance services in calendar year 2021, excluding $5.0 million All Funds in supplemental reimbursements to public ambulance providers. Of this $26.9 million approximately 37.6% was paid under Medicaid fee-for-service and 62.4% under Medicaid managed care programs. Medicaid reimbursement to public ambulance service providers accounted for 39.7% of total expenditures, and reimbursement to private ambulance service providers accounted for 60.3% of total expenditures.

This bill requires that DHS impose a fee on private ambulance service providers for the privilege of doing business in Wisconsin. Under the provisions of this bill, the Department must seek federal approval to claim federal Medicaid matching funds for the supplemental payments made under this provision, and specifies that the Department may not collect the fee until federal approval is received. It is expected that aggregate federal Medicaid claiming for ambulance services under the provisions of this bill would be subject to an upper payment limit (UPL) based on average commercial ambulance rates in Wisconsin. Any portion of supplemental reimbursement exceeding the UPL would be ineligible for federal Medicaid matching funds. The fee imposed under this bill is assessed on private ambulance providers' total net revenues, including Medicaid reimbursements as well as revenues from providing ambulance services to people with other forms of insurance or no insurance.

The fee is required to be no less than 0.25% of the maximum allowed under federal law, currently 6%.

Federal law requires provider fee programs to be generally redistributive and prohibits states from holding providers harmless when distributing the supplemental funding. Consequently, the fee assessment program will result in some ambulance service providers paying more in fees than they receive in supplemental payments, while other providers will receive more in supplemental payments than they pay in fees, depending on what share Medicaid reimbursements represent of the provider's total revenues. The Department does not have access to data on private ambulance service provider costs beyond Medicaid reimbursements, and would need to collect revenue data from every provider to establish the amount of the fee. In absence of this information, potential annual fee collections and related supplemental reimbursements made to private ambulance providers under the provisions of this bill cannot be estimated.

This bill further requires that the Department implement supplemental payments to public ambulance service providers for uncompensated service costs through a certified public expenditures (CPE) program. Under the provisions of this bill, the Department is required to submit a Medicaid State Plan Amendment to allow supplemental payments to ground ambulance providers through CPEs. The bill prohibits the Department from making such supplemental payments in absence of federal approval. The Department does not have access to data on the uncompensated service costs of public ambulance providers. Providers would need to submit cost reports to the Department to implement this provision. In absence of this information, the annual amount of federal funds that might be claimed and returned as supplemental reimbursement to local governments under the CPE program specified in this bill cannot be estimated.

The Department would incur total annual administrative costs of approximately $792,800 All Funds ($396,400 GPR) to implement the provisions of this bill. These annual costs are comprised of $500,000 All Funds ($250,000 GPR) in contract costs to conduct a provider revenue survey necessary for the ambulance fee assessment; $163,200 All Funds ($81,600 GPR) in contract costs to calculate provider payments for the CPE program; and $129,600 All Funds ($64,800 GPR) in contract costs to gather data to calculate the Average Commercial Rate, which is necessary for both the fee assessment and CPE programs. The Department also expects to incur one-time administrative costs associated with implementing an ambulance fee assessment of approximately $800,000 All Funds ($200,000 GPR), including costs associated with contracting for development of the assessment methodology and implementing changes to Medicaid provider reimbursement to accommodate these payments. These annual and one-time costs cannot be absorbed within the Department's existing budget. Additionally, local governments would incur administrative costs related to certifying their expenditures; the Department does not have enough information on local governments' accounting systems to estimate these costs.

Due to incomplete information on public and private ambulance service provider costs and revenues outside Medicaid reimbursements, the amount of increased reimbursement ambulance service providers would receive under the private ambulance provider fee program and the public ambulance provider CPE program cannot be estimated. Supplemental reimbursements provided under the private ambulance provider fee assessment program and the public ambulance provider CPE program and associated federal Medicaid matching funds under this bill would increase federal Medicaid revenues to the state. The bill requires the full amount of collected fees and related federal Medicaid matching funds to be distributed as supplemental reimbursements to private ambulance service providers based on their reimbursement for services provided under the Medicaid program, including services reimbursed on a fee-for-service and managed care basis; thus the fiscal impact of this bill on state GPR costs for Medicaid benefits is budget neutral. However, the Department estimates net one-time costs of $800,000 All Funds ($200,000 GPR) and net annual costs of $792,800 All Funds ($396,400 GPR) to administer these programs. The total annual fiscal impact associated with this bill is indeterminate.

Long-Range Fiscal Implications