

ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

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| <p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected</p> | <p>2. Date 02/19/2020</p> |
| <p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) chs. DHS 101, 105, and 107</p> | |
| <p>4. Subject Complex rehabilitation technology, including defining complex rehabilitation technology, defining provider certification for providers, and defining the circumstances under which complex rehabilitation technology may be covered or reimbursed by Medicaid fee-for-service and managed care organizations</p> | |
| <p>5. Fund Sources Affected <input checked="" type="checkbox"/> GPR <input checked="" type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S</p> | <p>6. Chapter 20, Stats. Appropriations Affected s. 20.435 (4) (b) and (o), Stats.</p> |
| <p>7. Fiscal Effect of Implementing the Rule <input type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Could Absorb Within Agency's Budget</p> | |
| <p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input checked="" type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p> | |
| <p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$The proposed rule changes require durable medical equipment suppliers and providers to gain new professional accreditations and business certifications in order to continue providing complex rehabilitation technology. These new accreditations and certifications create new business or individual expenses in the form of fees and examination costs. These expenses may be: 1) up to \$9,900 for 3-year professional accreditation depending on the type of accreditation; and 2) \$780 for initial 1-year business certification and additional required professional development coursework which may cost \$650 per year.</p> | |
| <p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> | |
| <p>11. Policy Problem Addressed by the Rule 2017 Wisconsin Act 306 requires the Department to promulgate rules for use of complex rehabilitation technology by recipients of Medical Assistance, including defining complex rehabilitation technology, defining provider certification for providers, and defining the circumstances under which complex rehabilitation technology may be covered or reimbursed by Medicaid fee-for-service and managed care organizations.</p> | |
| <p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. The Department directly solicited comments on the economic impact of the proposed rule changes from durable medical equipment suppliers and providers, durable medical equipment supplier and provider professional organizations, centers for independent living, managed care organizations, health maintenance organizations, and member advocates. Additionally, the Department solicited comments on the economic impact of the proposed rule changes from all other parties interested in providing comments by publishing a solicitation for public comment in the Administrative Register and on the Department's website.</p> | |
| <p>13. Identify the Local Governmental Units that Participated in the Development of this EIA. None</p> | |
| <p>14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be</p> | |

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Incurred)

The proposed rule changes have the potential to increase durable medical equipment supplier and provider expenses by requiring new professional accreditations and business certifications in order to continue providing complex rehabilitation technology. These new accreditations and certifications create new business or individual expenses in the form of fees and examination costs. The overall impact of these new requirements on durable medical equipment suppliers and providers is unknown.

15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

2017 Wisconsin Act 306 directs the Department to promulgate the proposed rule changes. As a result, there is no alternative to rule promulgation.

16. Long Range Implications of Implementing the Rule

The Department has identified several potential long range implications of implementing the proposed rule changes.

1) In the past few years, the Department has seen a steady increase in the amount paid for durable medical equipment that will likely be categorized as complex rehabilitation technology with an estimated \$7.1 million paid in CY 2019. While the Department currently covers all equipment that will likely be categorized as complex rehabilitation technology as durable medical equipment, it does not have control over the types of equipment identified as complex rehabilitation technology due to its current definition. The scope of complex rehabilitation technology follows Medicare's definition. Because of this dependence on Medicare activity, the future cost of complex rehabilitation technology is unpredictable.

2) Medicare does not currently recognize complex rehabilitation technology as separate and distinct from durable medical equipment. As a result, the Department does not anticipate that the proposed rule changes will have an impact on the provision of services or the cost of durable medical equipment or complex rehabilitation technology at this time. However, the Department must update its billing system to create a distinct category for complex rehabilitation technology in preparation for future Medicare designation. The Department anticipates that this will be an upfront, one-time cost that can be absorbed into the Department's budget.

3) Complex rehabilitation technology is exempt from bidding or selective contracting requirements. This may limit the Department's ability to find cost-savings for these services.

4) The number of complex rehabilitation technology suppliers and providers may be limited due to professional accreditation and business certification requirements beyond those of durable medical equipment suppliers and providers. Current durable medical equipment suppliers and providers may choose not to complete these new requirements. This has the potential to limit the number of complex rehabilitation technology suppliers and providers available in Wisconsin and could negatively impact member access to complex rehabilitation technology in the future.

5) Durable medical equipment suppliers with the required complex rehabilitation technology business certification are currently concentrated in or around the Milwaukee, Madison, and Fox Valley areas. Unless additional durable medical equipment providers throughout the state choose to gain the required business certification, qualified complex rehabilitation technology supplier availability in northern and southwestern Wisconsin may be limited or nonexistent. This could negatively impact future member access to complex rehabilitation technology currently provided by durable medical equipment suppliers.

17. Compare With Approaches Being Used by Federal Government

The federal government does not currently recognize complex rehabilitation technology as a category of equipment that is separate and distinct from durable medical equipment. See Proposed Order to Adopt the Rule.

18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Neighboring states do not currently recognize complex rehabilitation technology as a category of equipment that is separate and distinct from durable medical equipment. See Proposed Order to Adopt the Rule.

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| 19. Contact Name | 20. Contact Phone Number |
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ATTACHMENT A

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

The proposed rule changes have the potential to increase durable medical equipment supplier and provider expenses by requiring new professional accreditations and business certifications in order to continue providing complex rehabilitation technology. These new accreditations and certifications create new business or individual expenses in the form of fees and examination costs. The overall impact of these new requirements on durable medical equipment suppliers and providers is unknown. Durable medical equipment suppliers may choose not to become qualified complex rehabilitation technology suppliers or employ staff with the required professional accreditation.

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

The Department conducted a preliminary review of the fees and costs associated with various applicable accreditation and certification types. These expenses may be:

- 1) up to \$9,900 for 3-year professional accreditation depending on the type of accreditation; and
- 2) \$780 for initial 1-year business certification and additional required professional development coursework which may cost \$650 per year.

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

Not applicable

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

Due to the accreditation and certification requirements set forth in 2017 Wisconsin Act 306, the Department does not have the authority to incorporate methods to reduce the impact on small businesses into the proposed rule changes.

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5. Describe the Rule's Enforcement Provisions

The proposed rule changes establish enforcement through prior authorization review of each request for complex rehabilitation technology.

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

Yes No
