

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 4223
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JUNE 29, 2023

SUMMARY

- Synopsis:** Increases Medicaid reimbursement rates for primary care services; appropriates \$20 million.
- Type of Impact:** State expenditure and revenue increase, General Fund.
- Agencies Affected:** Division of Medical Assistance and Health Services, Department of Human Services.

Office of Legislative Services Estimate

| Fiscal Impact | <u>One-time</u> | <u>Annual</u> |
|----------------------------|-----------------|---------------|
| State Expenditure Increase | Up to \$150,000 | \$40 million |
| State Revenue Increase | \$0 | \$20 million |

- The Office of Legislative Services (OLS) concludes that the annual State cost increase under the bill will be \$40 million due the establishment of increased primary care services rates under Medicaid. Subsequently, State revenue will increase by \$20 million due to growth in federal Medicaid reimbursements, for a net State cost increase of \$20 million annually.
- The bill appropriates \$20 million from the General Fund to the Department of Human Services for the purpose of increasing primary care services rates under the bill.
- The Department of Human Services may incur additional one-time expenditures, in an amount up to \$150,000, to comply with the reporting requirements of the bill.

BILL DESCRIPTION

This bill appropriates \$20 million in order to increase Medicaid reimbursement rates for primary care services. Under the bill, the primary care services reimbursement rates associated with the most frequently used medical billing codes under Medicaid in calendar year 2022 are to be increased so that each rate is no less than 100 percent of the payment rate that applies to the

same service under Medicare Part B. The Department of Human Services is to determine the number of primary care services rates increased under the bill such that the annual aggregate amount of the rate increase is equal to \$20 million, as appropriated under the bill, combined with the anticipated receipt of increased federal Medicaid matching funds.

The bill directs the department, no later than one year after the effective date of the bill, to submit a report to the Governor and the Legislature on the implementation of the bill, including data indicating any changes regarding access to primary care services and the quality of these primary care services following the rate increases provided under the bill. The report is also to include any recommendations for further enhancements to the Medicaid rates for these services in order to improve provider access and quality of care for Medicaid beneficiaries in underserved areas of the State.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that annual State costs will increase by \$40 million under the bill, due the adoption of increased primary care services rates under Medicaid, as described in the bill. Subsequently, State revenue will increase by \$20 million due to growth in federal Medicaid reimbursements, for a net State cost of \$20 million. The bill appropriates \$20 million from the General Fund to the Department of Human Services for the purpose of increasing primary care services rates under the bill, and limits the annual aggregate amount of the rate increases to be equal to this appropriation, combined with the anticipated receipt of increased federal Medicaid matching funds.

The Department of Human Services may incur additional one-time expenditures, in an amount up to \$150,000, to comply with the reporting requirements of the bill. This estimate assumes that no more than one full-time equivalent employee will be needed to fulfill these provisions. To the extent that the department can use existing staff to produce the report, these costs could be reduced or eliminated.

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 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).