

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2946
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: NOVEMBER 18, 2022

SUMMARY

Synopsis: Establishes minimum Medicaid reimbursement rate of \$200 for basic life support emergency ambulance transportation services.

Type of Impact: State expenditure and revenue increases.

Agencies Affected: Division of Medical Assistance and Health Services, Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	\$56.8 million to \$61.4 million
State Revenue Increase	\$37.0 million to \$39.9 million

- The Office of Legislative Services (OLS) estimates that this bill would increase Medicaid expenditures by between \$56.8 million and \$61.4 million as a result of increasing the Medicaid reimbursement rate for basic life support emergency ambulance transportation services by \$142, from \$58 per transport to \$200 per transport. Of this amount, the State would be responsible for between \$19.8 million and \$21.5 million. The remaining balance, or \$37 million to \$39.9 million, would be offset by revenues received by the State in the form of federal Medicaid reimbursements.
- This analysis assumes: 1) a federal Medicaid matching rate of between 64 percent and 69 percent, which is based on data provided by the Department of Human Services (DHS); and 2) that the current Managed Care reimbursement rate is equal to the current Fee-for-Service (FFS) rate of \$58 per transport. To the extent that the Managed Care Organization (MCO) rate is lower, the cost and revenue estimate will increase; to the extent that it is higher, the cost and revenue estimate will decrease.

BILL DESCRIPTION

This bill establishes a minimum Medicaid reimbursement rate of \$200 for basic life support emergency ambulance transportation services.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not provided a formal fiscal analysis of this bill; however, the following data has been provided by the Department of Human Services:

Gross Expenditures (State and federal)

<u>Fee-for-Service Delivery System</u>	FY 2021	FY 2022
Ambulance Service, Basic Life Support, Emergency Transport	\$1,096,585 (Federal Share = 69%)	\$1,115,909 (Federal share 64%)

<u>Managed Care Delivery System*</u>	FY 2021	FY 2022
Ambulance Service, Basic Life Support, Emergency Transport	\$22,102,596 (Federal share = 65%)	\$23,974,468 (Federal share = 65%)

*Not a direct fiscal year expenditure; expenditures are included in the MCO capitation payment.

OFFICE OF LEGISLATIVE SERVICES

The provisions of this bill increase the Medicaid per transport rate for basic life support emergency ambulance transportation services by \$142, or by 245 percent, from \$58 per transport to \$200 per transport. In doing so, the OLS estimates that this bill would increase Medicaid expenditures by between \$56.8 million and \$61.4 million. Of this amount, the State would be responsible for between \$19.8 million and \$21.5 million. The remaining balance, or \$37 million to \$39.9 million, would be offset by revenues received by the State in the form of federal Medicaid reimbursements. This analysis assumes a federal Medicaid matching rate of between 64 percent and 69 percent, which is based on data provided by the DHS.

The majority of this cost, approximately 96 percent, is under the Medicaid managed care delivery system. Under managed care, the DHS pays managed care organizations to provide Medicaid services to beneficiaries based on a per beneficiary per month capitation rate. Medicaid MCO rates paid to providers, however, are proprietary; therefore, this analysis assumes that the current MCO rate is equal to the current FFS rate of \$58 per transport. To the extent that the MCO rate is lower, the cost and revenue estimate will increase; to the extent that it is higher, the cost and revenue estimate will decrease.

It should also be emphasized that the actual costs for basic life support emergency ambulance transportation services under the managed care delivery system are included in the capitation rate payments. When developing capitation rates, the contracted actuary utilizes encounter claims data from the fiscal year that is two years prior to the rate setting period, MCO financial reports, and monthly beneficiary data collected by the MCOs and the department. It is possible that a variety of factors in the capitation rate setting process, which the OLS cannot determine, would influence State costs incurred under this bill.

Section: Human Services

*Analyst: Sarah Schmidt
Lead Research Analyst*

*Approved: Thomas Koenig
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.).