

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7089

BILL NUMBER: HB 1347

DATE PREPARED: Feb 8, 2000

BILL AMENDED: Feb 7, 2000

SUBJECT: Disproportionate Share Providers.

FISCAL ANALYST: Alan Gossard

PHONE NUMBER: 233-3546

FUNDS AFFECTED: **GENERAL**
DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the Office of Medicaid Policy and Planning (OMPP) to reimburse disproportionate share providers in East Chicago and Gary for services rendered in the Medicaid program. The bill also provides procedures for determining the reimbursement rate for services and for the resolution of disputed claims.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) This bill could impact costs indirectly through potentially different reimbursement rates in the Medicaid risk-based managed care (RBMC) program in Lake County than would have occurred otherwise. Whether the impact on costs would be positive or negative is not known.

Background: This bill allows two hospitals that qualify as DSH providers (Gary Methodist Hospital in Gary and St. Catherine's in East Chicago) and that have been unable to reach an agreement with a Medicaid managed care organization (MCO) to participate in the MCO's network at reimbursement rates based on the changes in the medical care component of the Consumer Price Index. This bill also provides a procedure for resolving disputed claims between the hospitals and the MCO. Since these provisions affect the determination of reimbursement rates and the resolution of disputed claims, these provisions can affect the costs faced by the MCO and, ultimately, the capitation rates negotiated with the state Medicaid program. However, whether the impact is positive or negative would depend upon the rate of change in the CPI relative to the reimbursement rates that might have been negotiated with the hospitals without the provisions of this bill.

The costs of the Medicaid program are shared with the federal government (Approximate cost shares are 62% Federal and 38% State).

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding federal cost-sharing in the Medicaid program.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of Medicaid Policy and Planning

Local Agencies Affected:

Information Sources: