TITLE 405 OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

Economic Impact Statement
LSA Document #11-159

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

IC 4-22-2.1-5(a) provides that an agency that intends to adopt a rule under IC 4-22-2 that will impose requirements or costs on small businesses must prepare a statement that describes the annual economic impact of the rule on small businesses after the rule is fully implemented as described in IC 4-22-2.1-5(b).

LSA Document #11-159 amends 405 IAC 5-19-1 to include blood glucose monitors as a medical supply for which reimbursement is available and to require providers to bill for medical supplies using the health care common procedure coding system in accordance with instructions in the Indiana health coverage programs manual, bulletins, or banner pages.

Economic Impact on Small Businesses

1. Estimated Number of Small Businesses Subject to this Rule:

IC 5-28-2-6 defines a small business as a business entity that satisfies the following requirements:

(1) On at least fifty percent (50%) of the working days of the business entity occurring during the preceding calendar year, the business entity employed not more than one hundred fifty (150) employees.

(2) The majority of the employees of the business entity work in Indiana.

The Family and Social Services Administration (FSSA) states that the proposed rule will impose a requirement on number of small businesses.

2. Estimated Average Annual Reporting, Record Keeping, and Other Administrative Costs Small Businesses Will Incur:

The FSSA estimates that the proposed rule will not impose administrative costs on small businesses above what is already required. Under the proposed rule, providers will submit claims for diabetic supplies as pharmacy claims using the same format already used to submit drug claims as opposed to medical claims.

3. Estimated Total Annual Economic Impact on Small Businesses to Comply:

The FSSA estimates that there will not be a negative fiscal impact on small businesses as a result of compliance with this rule. Under the proposed rule, providers submit claims for diabetic supplies as pharmacy claims using the same format already used to submit drug claims as opposed to medical claims. The FSSA expects that the proposed rule will also positively impact small businesses by reducing industry confusion and decreasing the risk of unreimbursed product leaving the store prior to a denial of the claim.

4. Justification Statement of Requirement or Cost:

The proposed rule is intended to eliminate delays in the current claims submission process that burden both the small business community and the recipients. These delays are attributable to the requirement that pharmacies billing for medical supplies, such as a blood glucose monitor and diabetic testing strips, use the Healthcare Common Procedure Coding System (HCPCS). Approval or denial of any claim for reimbursement of a medical supply with an HCPCS code typically takes at least seven days. This delay creates the unfortunate result of providers choosing to either withhold urgent medical supplies from diabetic patients pending acceptance of the submitted claim or dispersing the medical supply at the risk of having the claim denied. The proposed rule would allow for diabetic equipment to be billed as a pharmacy claim making the claims submission process more immediate and reducing the amount of time required for a prior authorization request to be processed.

5. Regulatory Flexibility Analysis:

By eliminating the rigid HCPCS coding requirements on all medical supplies, the proposed rule makes the claims submission process for diabetic testing supplies more immediate. Providers will know whether any medical supply item not tagged by an HCPCS code is approved or denied within seconds of a claims submission. Providers will have access to up-to-date program changes via electronic manuals posted on the Medicaid website, e-mails, and electronic banners. Further still, the pharmacy prior authorization vendor has a more shortened time frame (24 hours) to either approve or deny a prior authorization request for a previously denied pharmacy claim. Currently, providers usually wait about 10 days for a prior authorization request for a medical supply to be approved or denied.

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