

Economic Impact Statement
LSA Document #16-172

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

This memo is submitted in accordance with [IC 4-22-2.1](#), and formalizes the Indiana Family and Social Services (FSSA) Office of Medicaid Policy and Planning's (OMPP) analysis of the small business impact of the attached rule amendment.

The OMPP proposes to amend [405 IAC 5-24-2](#) to add the definition "usual and customary charge" to provide additional clarity regarding the calculation of the provider's usual and customary charge for covered pharmacy services. This change will reduce potential waste by ensuring the "usual and customary charge" submitted by providers is appropriately calculated, thus minimizing the possibility of Medicaid reimbursement above the amount charged to the general public by providers.

Impact on Small Business

The following section provides responses to the following questions outlined in [IC 4-22-2.1-5](#):

1. An estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed 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 OMPP estimates that out of a total of 1,208 Medicaid-enrolled providers in Indiana that are impacted by these changes, there are 193 providers that may meet the criteria of a small business.

2. An estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule.

The proposed rule amendment will not impose any additional annual reporting, record keeping, or other administrative costs on small businesses in order to comply with the proposed rule. This rule amendment adds the definition of "usual and customary charge" for pharmacy services but does not place new requirements on small businesses because existing rule provisions require providers to bill their usual and customary charge.

3. An estimate of the total annual economic impact that compliance will have on small businesses subject to the rule.

There is no economic impact that compliance will have on a small business subject to this rule because small businesses will not incur any additional cost to comply with this rule.

4. A statement justifying any requirement or cost that is imposed by the rule and not expressly required by law. The statement must reference any data, studies, or analyses relied upon by the agency in determining imposition of the requirement or cost is necessary.

The proposed rule amendment will not impose any requirement or cost on small businesses in order to comply with the proposed rule because existing rule provisions require providers to bill their usual and customary charge.

5. Any regulatory flexibility analysis that considers any less intrusive or less costly alternative methods of achieving the same purpose.

Other factors considered:

A. Establishment of less stringent compliance or reporting requirements for small businesses.

The rule does not add any new reporting requirements for small businesses. Less stringent compliance or reporting requirements would not ensure that Medicaid reimbursement does not exceed the amount charged to the general public by providers.

B. Establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

The rule has no impact on schedules or deadlines for compliance or reporting requirements for small businesses. Less stringent schedules or deadlines would not implement the changes in the proposed rule.

C. Consolidation or simplification of compliance or reporting requirements for small businesses.

The rule has no impact on compliance or reporting requirements for small businesses. Consolidation or simplification of compliance reporting requirements would not implement the changes in the proposed rule.

D. Establishment of performance standards for small businesses instead of design or operational

standards imposed on other regulated entities by the rule.

The rule has no impact on performance or operational standards for small businesses. Establishing performance standards for small businesses would not ensure that Medicaid reimbursement does not exceed the amount charged to the general public by providers.

E. Exemption of small businesses from part or all of the requirements or costs imposed by the rule.

The rule imposes no additional requirements or cost on small businesses, so exempting small businesses from the proposed rule would not achieve the rule's purpose of not ensuring that Medicaid reimbursement does not exceed the amount charged to the general public by providers.

If there are any programmatic or fiscal questions, please contact Emily Hancock at (317) 233-0097 or at emily.hancock@fssa.in.gov. Questions regarding any other aspect of the proposed changes should also be addressed to Amber Swartzell at (317) 232-1244 or at amber.swartzell2@fssa.in.gov.

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