

**LSA NUMBER:** #11-50

**TITLE:** Medicaid Providers and Services

**DIVISION:** Office of Medicaid Policy and Planning

**PREPARED BY:** Program Staff: Kristine Ellerbruch, Tracy Nguyen, and Joy Heim

**OVERVIEW OF RULE:**

Adds 405 IAC 1-4.2-6 to extend the expiration date to June 30, 2013, and to codify the non-code provision found at LSA Document #10-166 (F), posted at 20100915-IR-405100166FRA, to continue the rate reductions that modify the Medicaid reimbursement formulas by five percent for providers of home health services. Amends 405 IAC 1-8-3, 405 IAC 1-10.5-3, and 405 IAC 1-10.5-4 to extend the expiration date to June 30, 2013, and to codify the non-code provision found at LSA Document #09-910(F) posted at 20100526-IR-405090910FRA, to continue the rate reductions that modify the Medicaid reimbursement formulas by five percent to hospitals for outpatient and inpatient services. Adds 405 IAC 12-1-27 to extend the expiration date to June 30, 2013, and to codify the non-code provision found at LSA Document #10-169(F), posted at 20100915-IR-405100169FRA, to continue the rate reductions that modify the Medicaid reimbursement formulas by three percent paid to enrolled privately (nonstate) owned intermediate care facilities for the mentally retarded (ICFs/MR) and community residential facilities for the developmentally disabled (CRFs/DD).

**FISCAL IMPACT:**

The estimated decrease in annual Medicaid expenditures as a result of this rule amendment is as follows:

Home Health Services

	SFY 2012	SFY 2013
Total Medicaid	\$9,930,000	\$11,410,000
Federal Share	\$6,640,000	\$7,640,000
State Share	\$3,290,000	\$3,770,000

Outpatient Hospital Services

	SFY 2012	SFY 2013
Total Medicaid	\$16,230,000	\$18,440,000
Federal Share	\$10,850,000	\$12,350,000
State Share	\$5,380,000	\$6,090,000

Inpatient Hospital Services

	SFY 2012	SFY 2013
Total Medicaid	\$34,520,000	\$42,850,000
Federal Share	\$23,090,000	\$28,690,000
State Share	\$11,430,000	\$14,160,000

Private ICF/MR and CRFs/DD Services

	SFY 2012	SFY 2013
Total Medicaid	\$8,630,000	\$9,790,000
Federal Share	\$5,770,000	\$6,550,000
State Share	\$2,860,000	\$3,230,000

This includes the estimated decrease in managed care organization (MCO) payments to providers, where applicable.

**ECONOMIC IMPACT:**

1. There are 192 Home Health Agencies that are forecasted to provide \$ 170.2 million of services under the Indiana Medicaid program for state fiscal year 2011. These providers represent the regulated persons that this estimated economic impact shall address. This estimated economic impact on these regulated persons is \$9.9 million for SFY 2012 and \$11.4 million for SFY 2013. This includes the estimated decrease in managed care organization (MCO) payments to providers. This actual impact will vary from provider to provider, depending on the total amount of services provided during the period of reduction.
2. There are 649 hospital providers that are forecasted to provide \$ 247.5 million of outpatient hospital services under the Indiana Medicaid program for state fiscal year 2011. These providers represent the regulated persons that this estimated economic impact shall address. This estimated economic impact on these regulated persons is \$16.2 million for SFY 2012 and \$18.4 million for SFY 2013. This includes the estimated decrease in managed care organization (MCO) payments to providers. This actual impact will vary from provider to provider, depending on the total amount of services provided during the period of reduction.
3. There are 368 hospital providers that are forecasted to provide \$ 588.7 million of inpatient hospital services under the Indiana Medicaid program for state fiscal year 2011. These providers represent the regulated persons that this estimated economic impact shall address. This estimated economic impact on these regulated persons is \$34.5 million for SFY 2012 and \$42.9 million for SFY 2013. This includes the estimated decrease in managed care organization (MCO) payments to providers. This actual impact will vary from provider to provider, depending on the total amount of services provided during the period of reduction.
4. There are 541 private ICFs/MR and CRFs/DD that are forecasted to provide \$ 296.7 million of services under the Indiana Medicaid program for state fiscal year 2011. These providers represent the regulated persons that this estimated economic impact shall address. This estimated economic impact on these regulated persons is \$8.6 million for SFY 2012 and \$9.8 million for SFY 2013. This actual impact will vary from provider to provider, depending on the total amount of services provided during the period of reduction.

The proposed rule does not directly increase administrative or compliance costs for regulated entities. However, a reduction in reimbursement may result in a loss of profit for some providers. This loss of profit may lead some providers to change business practices or some providers may choose to no longer be Medicaid providers.

**OPPONENTS:**

**PROPONENTS:** OMPP

**RECOMMENDATIONS:** None.

**PUBLIC HEARING COMMENTS:** The public hearing will be scheduled once the agency receives authorization to proceed from the Legislative Services Agency, which is estimated to be in early April 2011.