

STATEMENT OF PURPOSE

RS18870

Summary of Overall Modifications: This proposed legislation provides revisions and additions to Chapter 35, Title 31, Idaho Code, relating to the medically indigent. The Idaho Medically Indigent Health Care program provides emergent medical care to uninsured individuals and allows hospitals and medical providers to obtain compensation for services rendered. The bill requires the Department of Health and Welfare to conduct utilization reviews on medical claims, provide for an early determination as to whether individuals are Medicaid eligible, and perform third-party recovery of claims paid by the county and the state. This bill will also increase the county deductible from \$10,000 to \$11,000. The Medically Indigent Health Care program and the state General Fund are responsible for all medical bills in excess \$11,000 in a 12 month period.

Section by Section Outline of Modifications: Idaho Code 31-3502 is the current definition section of the Medically Indigent Health Care program. Modifications to Idaho Code 31-3502 include alphabetizing the current definitions in code; and changes to definitions section regarding utilization management and applications for assistance. This section also includes minor modifications to current definitions as agreed to by the counties, the hospitals, and the state.

Idaho Code 31-3503 is the current section of statute that outlines the county responsibility and the county commissioners' responsibilities. Modifications to this section include an increase in the county deductible from \$10,000 to \$11,000 and requirements to work with the Department of Health and Welfare regarding Medicaid eligibility and utilization management.

Idaho Code 31-3503A outlines the powers and duties of Medically Indigent Program administrator. Modifications to this section include requiring the administrator to only pay claims above \$11,000 and to work with the Department of Health and Welfare regarding Medicaid eligibility and utilization management.

Idaho Code 31-3503C is a new section that creates the powers and duties of the Department of Health and Welfare. The new section requires the department to design and create a utilization management program and third party recovery system; engage contractors to perform the new functions; implement a Medicaid eligibility determination process for the Medically Indigent program; work with the IHA and the IAC to develop by July 1, 2010 a uniform application for use by all three entities; work with the counties and the administrator regarding eligibility, utilization management, and recovery; and promulgate rules.

Idaho Code 31-3503D is also a new section that requires the counties to fully participate in the costs of the utilization management and third party recovery system. The contribution for each county will be calculated by the department and set by rule.

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Idaho Code 31-3503E is a new section that provides a statutory backbone for processes that the hospitals, the counties and the Department of Health and Welfare must follow with respect to Medicaid eligibility determination.

Idaho Code 31-3503F is a new section that covers medical homes for the indigent population. This section requires the department to, by rule, create a community based care system for non-emergency services that the hospitals will use for referral of uninsured patients for non-emergency care.

Idaho Code 31-3504, 31-3505, 31-3507, 31-3508, 31-3509, 31-3510, 31-3511, 31-3519 are all sections or the statute that outline the processes the hospitals, counties and state follow regarding the Medical Indigent program. These modifications include adding the Department of Health and Welfare to the process for the Medicaid eligibility determination and utilization management, as well as allowing the hospital, the county, and the state to exchange information regarding the applicant. These sections also include some minor process modifications agreed to by the hospitals, the counties, and the department.

Idaho Code 31-3517 modifies the current statute to add state representation to medically indigent board and makes a minor modification to the reimbursement of expenses for board members. This section also requires the Legislative Audit division to perform audits on the state expenditures for the medically indigent program.

Finally, this legislation has intent language that requires that the new changes be reviewed in three years.

FISCAL NOTE

The change in the deductible from \$10,000 to \$11,000 results in a \$1,000,000 reduction in state General Fund expenditures; however, upon passage of this Legislation the state Medically Indigent program will still require \$5,200,000 of state funds to continue to pay the same amount of bills in FY 2010 as it did in FY 2009.

The Department of Health and Welfare estimates an initial cost in FY 2010 of 2.0 full-time positions and \$381,900 in General Funds. For FY 2010, \$161,700 of the total \$381,900 is one-time in nature for contract expenditures and capital outlay. This bill also includes a fiscal impact to the Department of Health and Welfare for the utilization management and third party recovery services. However, until the counties, the hospitals, and the department fully design the process flow and contract requirements as required by this legislation the state fiscal impact is undetermined. This legislation requires the Department of Health and Welfare to propose rules in the future regarding the county contribution for these services and a fiscal impact to the state for the department's budget will be determined at that time.

Contact:

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S 1158

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