

Senate BILL NO. *154*

INTRODUCED BY *Lee Healy Pearson Mehrens*
Michael Olson STEPHENS

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A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION 71-1511, R.C.M. 1947, TO REQUIRE THAT PROVIDERS OF SERVICES AND SUPPLIES TO MEDICAID PATIENTS BE REIMBURSED AT THE PROVIDER'S STANDARD CHARGE TO PATIENTS IN GENERAL."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 71-1511, R.C.M. 1947, is amended to read as follows:

"71-1511. Provisions for administration. (1) The state department of social and rehabilitation services (hereinafter called "state department") is hereby authorized and empowered to administer and supervise a vendor payment program of medical assistance, under the powers, duties, and functions provided in sections 71-201 through 71-232, as amended and as contemplated by the provisions of Title XIX of the Federal Social Security Act.

(2) The county department of public welfare shall be charged with the local administration and supervision of medical assistance, subject to the powers, duties and functions prescribed for the county department in sections 71-201 through 71-232.

(3) It is hereby mandatory and required that the state

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plan and operation of medical assistance shall be in effect in each and every county of the state and the administration and supervision of medical assistance shall be uniform throughout the several counties of the state.

(4) The state department of social and rehabilitation services shall have printed and distribute copies of this act to all county welfare departments and shall prescribe the form of and print and supply to the county welfare departments blanks of applications, reports and such other forms as may be necessary in relation to medical assistance.

(5) All rules ~~and regulations~~ of the state department of social and rehabilitation services made under this act shall be binding upon the county departments of public welfare.

(6) The state department shall adopt appropriate rules ~~and regulations~~, not inconsistent with this act, to administer and supervise the ~~said~~ program uniformly throughout the state and shall define by rules ~~and regulations~~ medical assistance. Medical assistance shall be furnished through payments to providers of services and supplies as contemplated in this act at the rate normally charged to private patients. All providers must submit to the department a schedule of fees and charges for providing medical assistance to patients under this section. The schedule shall be in effect for at least a 12-month period

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1 unless the department and the provider agree to interim
2 amendments. The schedule must be submitted at least 30 days
3 prior to its effective date and may not exceed the
4 provider's charges for similar treatment of private
5 patients."

-End-

FISCAL NOTE

Form BD-15

In compliance with a written request received January 27, 1977, there is hereby submitted a Fiscal Note for Senate Bill 154 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 154 requires that providers of services and supplies to Medicaid patients be reimbursed at the provider's standard charge to all patients.

ASSUMPTIONS:

The following percents of billed charges paid by Medicaid were assumed:

Hospitals	93%
Nursing Homes	95%
Dentists	90%
Pharmacists	85%
Physicians	80%
Others	85%

FISCAL IMPACT:

	<u>FY 78</u>	<u>FY 79</u>
Reimbursement under current law	\$41,536,063	\$47,299,884
Reimbursement under proposed law	<u>45,655,564</u>	<u>51,991,035</u>
Additional reimbursement due to proposed legislation*	<u>\$ 4,119,501</u>	<u>\$ 4,691,151</u>

*Additional reimbursement must be made from the State's General Fund.

LONG-RANGE EFFECT:

1. Under this proposal, the Department is required to pay billed costs. This will reduce the Department's ability to attempt cost control and result in increased Medicaid costs.
2. The state may lose all Title XIX payments under Social Security Act. (See Technical Note.)

TECHNICAL NOTE:

Mr. Francis T. Ishida, Acting Regional Commissioner for Regional Commissioner for Region VIII, US-DHEW, SRS, has advised the Director of SRS in a letter dated January 20, 1977, "if legislation is passed requiring the state to reimburse hospitals for 'actual charges' rather than 'reasonable costs' there will be an issue of compliance with requirements of Section 1902 of the Social Security Act, 45 CFR 250.30, and state Title XIX plan at such time when it appears that payments are in excess of reasonable costs."

Richard L. Deery for
 BUDGET DIRECTOR
 Office of Budget and Program Planning
 Date: 2-2-77

Approved by Committee
on Public Health, Welfare
& Safety

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2 INTRODUCED BY *Lee Healy Peterson* *Mehena*
3 *Mathias Olson* *Stearns*

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