

FISCAL NOTE

June 29, 2017

Bill No:	SB 600	Printer's No:	PN 677	Sponsor:	Martin
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COST / (SAVINGS)

Fund (s)	2016-17	2017-18
General Fund	"See Fiscal Impact"	\$84 million

SUMMARY: This legislation amends the Human Services Code (P.L. 31, No. 21) by adding a section related to total population coordinated care management.

ANALYSIS: This legislation amends section 411.1 of the Human Services Code to require the Department of Human Services (DHS) to issue a request for proposals for a total population coordinated care management initiative that incorporates evidence-based medicine into each physical and behavioral health decision concerning a medical assistance (MA) recipient.

The health initiative will be accessible to all medical assistance recipients. The health initiative shall, at a minimum:

- Provide all MA recipients with access to resources and services to enhance medical assistance recipient participation and promote continuous engagement through a telephone access point and private portal specific to each MA recipient.
- Offer statewide services in a manner that avoids duplication of services.
- Support existing resources by providing health management services and data analytics.
- Coordinate efforts with providers, contractors, services and agencies.
- Utilize technology to provide an evidence-based medical system to improve health care outcomes.
- Report utilization and cost savings annually to DHS.

DHS shall enter into a contract with one offeror and require that the annual savings to the commonwealth as a result of the health initiative exceed the cost of the health initiative.

This act shall take effect in 60 days.

FISCAL IMPACT: This legislation would result in an administrative cost of \$168 million a year (\$84 million in state funds assuming the federal government is willing to participate) for the cost of issuing a statewide care management vendor. Due to the duplication of services already provided by the existing managed care organizations, we believe savings would be very limited. Although some savings could potentially be available from the limited fee-for-service program we still operate, most of these will also be limited since most fee-for-service clients are dual eligible elderly and disabled clients being moved, over the next couple of years, into a new community HealthChoices program. Community HealthChoices also includes intensive care management services.

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This legislation does include a provision that “requires that the annual savings to the commonwealth resulting from the use of the health initiative exceed the cost of the health initiative.” Assuming these savings are in comparison to a client not receiving care management, this would do little to hold down the cost of a care management vendor as the savings would be, in most cases, duplicative of existing budgeted savings.