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LB 921

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FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	696,741		616,561	
CASH FUNDS				
FEDERAL FUNDS	696,741		616,531	
OTHER FUNDS				
TOTAL FUNDS	1,393,481		1,223,061	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill establishes a 45-day timeframe for payment of clean claims under Medicaid. When additional information is required to pay a claim, the Department of Health and Human Services must provide in writing the information needed to resolve the claim within 30 days of receipt of the claim. The response time allowed for the provider to submit the additional information requested is 30 days. The payment must be made in the remaining time left once the information is received by the department.

Federal Medicaid regulation requires that 90 percent of clean claims from practitioners must be paid within 30 days and 99 percent of clean claims must be paid within 90 days of receipt. Enhanced federal medical assistance program (FMAP) funding provided under the American Recovery and Reinvestment Act (ARRA) is dependent on the state meeting this current standard, which the state is meeting.

The requirements of this bill would require a change in how claims are handled. Currently providers receive information on claims that are similar to an Explanation of Benefits form with codes that inform the provider of the reason if a claim has not been paid. The department also has a telephone inquiry line where providers can obtain more detailed information on a claim that requires more information to be paid. The MMIS system through which claims are paid is limited in its ability to be modified to process claims as required in the bill. More manual processing of claims would be needed. The department estimates 26 additional staff would be needed to comply. The costs would be \$1,393,481 (\$696,741 GF and FF) in FY 10 and \$1,233,061 (\$616,531 GF and FF) in FY 11. The department processes approximately 8.4 million claims a year. The estimated costs appear to be reasonable for the volume of claims that likely would have to be handled manually.