

PREPARED BY: Liz Hruska
 DATE PREPARED: February 03, 2022
 PHONE: 402-471-0053

LB 895

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill changes requirements and places restrictions on prior authorization by managed care organizations (MCO) contracted with the Medicaid Program. MCOs could not require prior authorization for the initial twelve sessions of new episodes of care provided by chiropractors, physical therapists, occupational therapists and speech-language pathologists.

The Department of Health and Human Services indicated there are no immediate identifiable costs. There may be future costs for MCOs to comply with the changes or for increased utilization due to restrictions on prior authorization on the initial 12 sessions of certain therapy services.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 895 AM: AGENCY/POLT. SUB: Nebraska Department of Health and Human Services

REVIEWED BY: Ann Linneman DATE: 1-25-2022 PHONE: (402) 471-4180

COMMENTS: The Nebraska Department of Health and Human Services' assessment of fiscal impact appears reasonable.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 1-25-2022

Phone: (5) 471-6719

	<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB895 is a bill relating to the Medical Assistance Act; to amend section 68-901, Revised Statutes Supplement, 2021; to provide requirements and limits on the use of prior authorizations (PA) by managed care organizations (MCOs). The impacts of the bill are mainly administrative or process related or are listed below:

- A. Any algorithms used, including research citations and references to the most recent revisions, shall be made available for download on the MCO's provider website. Pg 2 Line 8 – 10
 - a. There is a potential for administrative/process impact on the MCOs as their algorithms or those of their vendors are most likely proprietary
- B. A managed care organization that implements an automated prior authorization system shall ensure that a health care professional of the same discipline or specialty makes the decision to deny or modify requests for authorization based on medical necessity. Pg 2 Line 11 – 14
 - a. Potential financial impact to MCO which may result in a request for an increase in administrative funds. The bill applies to initial reviews, standard and expedited reviews, as well as appeals. MCOs may not currently employ health professionals of all disciplines or specialties for initial reviews. For example an internal med MD may make the initial denial for a cancer treatment.
- C. A managed care organization shall not require prior authorization for the initial twelve treatment sessions of new episodes of care for chiropractic, physical therapy, occupational therapy, or speech-language pathology services. Pg 2 Line 15 – 22.
 - a. Chiropractic – This may have a possible financial impact on the Department of Health and Human Services (DHHS) Medicaid program because chiropractic services currently have PA criteria and chiropractic services are not counted in the “annual 60” total therapy sessions.
- D. A managed care organization shall issue payment for all clean claims within fifteen business days of the date of receipt. Pg 2. Line 23 - 24
 - a. May require a contract change to set this threshold. MCOs meet the 15 day window the majority of the time.
- E. Standard authorization decisions may not exceed forty-eight hours following receipt of request for service from the clinician. Pg 2 line 29 – 30
 - a. Potential financial impact due to the MCOs needing to hire additional reviewers

The department does not estimate an immediate, identifiable fiscal impact as a result of the various components in this bill. The department does, however, reasonably believe that LB895 would create new costs for the State MCO's and thus will make the programs more costly to administer. Also, the department may experience increased aid costs resulting from increased utilization due to restrictions on prior authorizations for some services.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE

NUMBER OF POSITIONS
22-23 23-24

2022-2023
EXPENDITURES

2023-2024
EXPENDITURES

POSITION TITLE	NUMBER OF POSITIONS 22-23	NUMBER OF POSITIONS 23-24	2022-2023 EXPENDITURES	2023-2024 EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0