

SENATE FILE NO. SF0102

Medicaid cost study.

Sponsored by: Joint Labor, Health and Social Services
Interim Committee

A BILL

for

1 AN ACT relating to the administration of government and the
2 2010 federal health care reform; providing for the
3 development of cost estimates for the mandatory coverage
4 expansion of the Medicaid program; requiring a report;
5 providing report requirements and specifying its expected
6 uses; providing an appropriation; and providing for an
7 effective date.

8

9 *Be It Enacted by the Legislature of the State of Wyoming:*

10

11 **Section 1.**

12

13 (a) The governor shall conduct a study to develop
14 estimates of the cost of the expansion of the Medicaid
15 program mandated by the Patient Protection and Affordable
16 Care Act, P.L. 111-148, and the Health Care and Education

1 Reconciliation Act of 2010, P.L. 111-152, hereinafter
2 referred to collectively as "the health care reform acts."
3 The governor shall designate a study oversight
4 organization, which may be a state agency, more than one
5 (1) state agency or an ad hoc organization created by the
6 governor to conduct the study.

7

8 (b) The oversight organization shall have the
9 authority to contract with experts and consultants as may
10 be useful in conducting the study and making the cost
11 estimates.

12

13 (c) The study shall be subject to the following:

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15 (i) The results of the study shall be expressed
16 in the total annual costs for each category of expansion
17 and for each of the relevant years, without regard to state
18 and federal shares. The results of the study shall be
19 presented in a format that facilitates further cost
20 estimates using various estimates of federal and state cost
21 sharing. If differing cost shares are likely for differing
22 categories of costs, the total costs shall be broken down
23 into these differing categories in a subordinate table in
24 the report. The study shall include a table in an

1 addendum, appendix or footnote showing the results of the
2 federal and state cost shares as per federal law at the
3 time of the completion of the study and may also show the
4 results using any other combinations of federal and state
5 cost shares which the oversight organization believes to be
6 relevant;

7
8 (ii) The annual cost estimates shall be shown in
9 state fiscal years, calendar years and federal fiscal
10 years;

11
12 (iii) The first years for which the annual costs
13 are shown shall be the first years in which the mandatory
14 expansion is scheduled to be in effect for a portion of the
15 year. The last year for which cost estimates are shown
16 shall be the final year included in the state's biennium
17 commencing July 1, 2018 and ending June 30, 2020;

18
19 (iv) The results shall be expressed assuming all
20 eligible people participate in the program and may also be
21 expressed assuming only a percentage of those eligible
22 actually participate, provided the assumptions used in
23 estimating the percentage of actual participation are
24 explicitly stated;

1

2 (v) The study shall determine and show
3 separately, before including in the final totals, the costs
4 for the populations now categorically eligible who will
5 become eligible due to the expansion in the financial
6 eligibility to one hundred thirty-eight percent (138%) of
7 the federal poverty level. The study shall assume that the
8 cost experience for these populations will be similar to
9 the similar populations now in Wyoming Medicaid unless
10 there is specific reason to believe the costs for an
11 identified population will be different;

12

13 (vi) The study shall attempt to determine the
14 actual costs for serving those in the expanded program who
15 become eligible due to the removal of the categorical
16 eligibility restrictions considering:

17

18 (A) The age and gender distribution of the
19 expected new enrollees;

20

21 (B) The health status of expected new
22 enrollees;

23

1 (C) The socio-economic status of expected
2 new enrollees;

3

4 (D) The health care utilization rate,
5 including the effect of previously unmet health needs, of
6 expected new enrollees;

7

8 (E) The probable effect of federal and
9 state laws requiring, providing or limiting services
10 offered and cost controls employed. The study shall
11 explore any cost control measures that may apply to
12 Wyoming, such as payment based on medical outcome rather
13 than for specific procedures. The study shall assume that
14 existing state laws, regulations and practices will
15 continue. However, if current state laws, regulations or
16 practices conflict with the federal health care reform acts
17 or other federal laws, the study shall identify those laws,
18 regulations or practices and assume that they will be
19 changed to conform with federal requirements.

20

21 (vii) The study shall include an estimate for
22 the costs associated with individuals with incomes above
23 the eligibility minimums who can be expected to take steps
24 to intentionally reduce their incomes to become eligible.

1 Unless a different estimate is used based upon expert
2 opinion, the study shall assume that fifty percent (50%) of
3 persons with income between one hundred thirty-eight
4 percent (138%) and one hundred fifty percent (150%) of the
5 federal poverty level, and who have expensive chronic
6 medical conditions or conditions that require expensive
7 nonemergency medical treatment, will experience reduced
8 income to become eligible for Medicaid. Unless a different
9 estimate is used based upon expert opinion, the study shall
10 assume that twenty-five percent (25%) of persons with
11 income greater than one hundred fifty percent (150%) and
12 less than two hundred percent (200%) of the federal poverty
13 level, and who have expensive chronic medical conditions or
14 conditions that require expensive nonemergency medical
15 treatment, will experience reduced income to become
16 eligible for Medicaid;

17

18 (viii) To the extent feasible, in estimating the
19 costs for the newly eligible enrollees, the study shall use
20 Wyoming experience and shall modify costs based on private
21 or other governmental programs by factors to account for
22 the costs for the Medicaid and the other populations based
23 on historical experience for Medicaid and the private or

1 other governmental programs, for comparable populations
2 adjusted for severity of health status;

3

4 (ix) The study shall identify the explicit cost
5 effects, if any, of any new federal requirements under the
6 health care reform acts on the Medicaid program for those
7 eligible in Wyoming at the time of the enactment of the
8 health care reform acts. If relevant, these cost effects
9 shall be shown separately and included in the final cost
10 estimates;

11

12 (x) The study shall estimate the administrative
13 costs, including the costs of additional eligibility
14 determinations, itemize these costs separately and include
15 them in the final cost estimates;

16

17 (xi) The study shall identify any explicit
18 savings to the state general fund due to the elimination or
19 reduction of any current program or institutions which will
20 no longer be needed because its enrollees may or shall be
21 transferred to the Medicaid program pursuant to the health
22 care reform acts or other federal law;

23

1 (xii) The study shall consider any other factors
2 the governor or the oversight organization deems relevant
3 considering the expected uses of the study identified in
4 subsection (d) of this section;

5

6 (xiii) The study shall set forth the probable
7 ongoing costs of the current Medicaid program, assuming the
8 program in effect on the day before the enactment of the
9 health care reform acts.

10

11 (d) In conducting the study and reporting its
12 results, the oversight organization and any contractors
13 shall consider that the study is expected to be used:

14

15 (i) To assist the people, the governor and the
16 legislature of Wyoming in deciding whether to accept the
17 new mandatory eligibility and other requirements of the
18 Medicaid program under the health care reform acts or to
19 withdraw from that program, by setting forth the financial
20 consequences of that decision;

21

22 (ii) To assist the executive branch and
23 legislative budget staff in making accurate budget
24 estimates for the cost of Medicaid expansion, if accepted;

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2 (iii) To help form the basis for an application
3 for a Medicaid waiver covering all or part of the newly
4 eligible population, the purpose of the waiver being to
5 reduce the cost of the eligibility expansion by using
6 additional cost control techniques;

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8 (iv) To allow legislators and members of the
9 public who are not expert in Medicaid costs to make their
10 own cost estimates using data from the study and varying
11 key assumptions, including estimates of the respective
12 federal and state cost shares.

13

14 (e) Before letting any contract, the oversight
15 organization shall submit a draft of the request for
16 proposal or other document governing the contract to the
17 joint labor, health and social services interim committee
18 and the joint appropriations interim committee.

19

20 (f) The study shall be completed by September 1,
21 2012, unless the governor requires an earlier completion
22 date, and submitted to the joint labor, health and social
23 services interim committee and the joint appropriations
24 interim committee. The oversight organization shall be

1 prepared to present the results of the study to these
2 committees before the 2013 general session of the
3 legislature.

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5 (g) The study shall be available to the people and
6 the legislature on at least one (1) relevant website and in
7 hard copy.

8

9 **Section 2.**

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11 (a) There is appropriated sixty thousand dollars
12 (\$60,000.00) from the general fund to the governor's
13 office. This appropriation shall be for the period
14 beginning with the effective date of this act and ending
15 June 30, 2013. This appropriation shall only be expended
16 for the purpose of conducting the study and preparing the
17 report required by this act. Notwithstanding any other
18 provision of law, this appropriation shall not be
19 transferred or expended for any other purpose and any
20 unexpended, unobligated funds remaining from this
21 appropriation shall revert as provided by law on June 30,
22 2013. This appropriation shall not be included in the
23 governor's 2013-2014 standard biennial budget request.

24

1 (b) Notwithstanding the procurement procedures
2 established pursuant to W.S. 9-2-1016(b)(iv), the
3 department, in developing requests for proposals and
4 considering any bids to perform the study required by this
5 act, shall consider any cost savings and efficiencies which
6 may result from use of the study and the entity which
7 conducted the 2010 Medicaid cost study submitted to the
8 department.

9

10 **Section 3.** This act is effective immediately upon
11 completion of all acts necessary for a bill to become law
12 as provided by Article 4, Section 8 of the Wyoming
13 Constitution.

14

15 (END)