

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

SENATE FILE NO. _____

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

1 (a) The governor shall conduct a study to develop
2 estimates of the cost of the expansion of the Medicaid
3 program mandated by the Patient Protection and Affordable
4 Care Act, P.L. 111-148, and the Health Care and Education
5 Reconciliation Act of 2010, P.L. 111-152, hereinafter
6 referred to collectively as "the health care reform acts."
7 The governor shall designate a study oversight
8 organization, which may be a state agency, more than one
9 (1) state agency or an ad hoc organization created by the
10 governor to conduct the study.

11

12 (b) The oversight organization shall have the
13 authority to contract with experts and consultants as may
14 be useful in conducting the study and making the cost
15 estimates.

16

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

18

19 (i) The results of the study shall be expressed
20 in the total annual costs for each category of expansion
21 and for each of the relevant years, without regard to state
22 and federal shares. The results of the study shall be
23 presented in a format that facilitates further cost

1 estimates using various estimates of federal and state cost
2 sharing. If differing cost shares are likely for differing
3 categories of costs, the total costs shall be broken down
4 into these differing categories in a subordinate table in
5 the report. The study shall include a table in an
6 addendum, appendix or footnote showing the results of the
7 federal and state cost shares as per federal law at the
8 time of the completion of the study and may also show the
9 results using any other combinations of federal and state
10 cost shares which the oversight organization believes to be
11 relevant;

12

13 (ii) The annual cost estimates shall be shown in
14 state fiscal years, calendar years and federal fiscal
15 years;

16

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

23

1 (iv) The results shall be expressed assuming all
2 eligible people participate in the program and may also be
3 expressed assuming only a percentage of those eligible
4 actually participate, provided the assumptions used in
5 estimating the percentage of actual participation are
6 explicitly stated;

7

8 (v) The study shall determine and show
9 separately, before including in the final totals, the costs
10 for the populations now categorically eligible who will
11 become eligible due to the expansion in the financial
12 eligibility to one hundred thirty-three percent (133%) of
13 the federal poverty level. The study shall assume that the
14 cost experience for these populations will be similar to
15 the similar populations now in Wyoming Medicaid unless
16 there is specific reason to believe the costs for an
17 identified population will be different;

18

19 (vi) The study shall attempt to determine the
20 actual costs for serving those in the expanded program who
21 become eligible due to the removal of the categorical
22 eligibility restrictions considering:

23

1 (A) The age and gender distribution of the
2 expected new enrollees;

3

4 (B) The health status of expected new
5 enrollees;

6

7 (C) The socio-economic status of expected
8 new enrollees;

9

10 (D) The health care utilization rate,
11 including the effect of previously unmet health needs, of
12 expected new enrollees;

13

14 (E) The probable effect of federal and
15 state laws requiring, providing or limiting services
16 offered and cost controls employed. The study shall assume
17 that existing state laws, regulations and practices will
18 continue. However, if current state laws, regulations or
19 practices conflict with the federal health care reform acts
20 or other federal laws, the study shall identify those laws,
21 regulations or practices and assume that they will be
22 changed to conform with federal requirements.

23

1 (vii) The study shall include an estimate for
2 the costs associated with individuals with incomes above
3 the eligibility minimums who can be expected to take steps
4 to intentionally reduce their incomes to become eligible.
5 Unless a different estimate is used based upon expert
6 opinion, the study shall assume that fifty percent (50%) of
7 persons with income between one hundred thirty-three
8 percent (133%) and one hundred fifty percent (150%) of the
9 federal poverty level, and who have expensive chronic
10 medical conditions or conditions that require expensive
11 non-emergency medical treatment, will reduce their income
12 to become eligible for Medicaid. Unless a different
13 estimate is used based upon expert opinion, the study shall
14 assume that twenty-five percent (25%) of persons with
15 income greater than one hundred fifty percent (150%) and
16 less than two hundred percent (200%) of the federal poverty
17 level, and who have expensive chronic medical conditions or
18 conditions that require expensive non-emergency medical
19 treatment, will reduce their income to become eligible for
20 Medicaid;

21

22 (viii) To the extent feasible, in estimating the
23 costs for the newly eligible enrollees, the study shall use

1 Wyoming experience and shall modify costs based on private
2 or other governmental programs by factors to account for
3 the costs for the Medicaid and the other populations based
4 on historical experience for Medicaid and the private or
5 other governmental programs, for comparable populations
6 adjusted for severity of health status;

7

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

15

16 (x) The study shall estimate the administrative
17 costs, including the costs of additional eligibility
18 determinations, itemize these costs separately and include
19 them in the final cost estimates;

20

21 (xi) The study shall identify any explicit
22 savings to the state general fund due to the elimination or
23 reduction of any current program which will no longer be

1 needed because its enrollees may or shall be transferred to
2 the Medicaid program pursuant to the health care reform
3 acts or other federal law;

4

5 (xii) The study shall consider any other factors
6 the governor or the oversight organization deems relevant
7 considering the expected uses of the study identified in
8 subsection (d) of this section;

9

10 (xiii) The study shall set forth the probable
11 ongoing costs of the current Medicaid program, assuming the
12 program in effect on the day before the enactment of the
13 health care reform acts.

14

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

18

19 (i) To assist the people, the governor and the
20 legislature of Wyoming in deciding whether to accept the
21 new mandatory eligibility and other requirements of the
22 Medicaid program under the health care reform acts or to

1 withdraw from that program, by setting forth the financial
2 consequences of that decision;

3

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

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8 (iii) To help form the basis for an application
9 for a Medicaid waiver covering all or part of the newly
10 eligible population, the purpose of the waiver being to
11 reduce the cost of the eligibility expansion by using
12 additional cost control techniques;

13

14 (iv) To allow legislators and members of the
15 public who are not expert in Medicaid costs to make their
16 own cost estimates using data from the study and varying
17 key assumptions, including especially estimates of the
18 respective federal and state cost shares.

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20 (e) Before letting any contract, the oversight
21 organization shall submit a draft of the request for
22 proposal or other document governing the contract to the

1 joint labor, health and social services interim committee
2 and the joint appropriations interim committee.

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4 (f) The study shall be completed by September 1,
5 2012, unless the governor requires an earlier completion
6 date, and submitted to the joint labor, health and social
7 services interim committee and the joint appropriations
8 interim committee. The oversight organization shall be
9 prepared to present the results of the study to these
10 committees before the 2013 general session of the
11 legislature.

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13 (g) The study shall be available to the people and
14 the legislature on at least one relevant website and in
15 hard copy.

16

17 **Section 2.** There is appropriated three hundred
18 thousand dollars (\$300,000.00) from the general fund to the
19 governor's office. This appropriation shall be for the
20 period beginning with the effective date of this act and
21 ending June 30, 2013. This appropriation shall only be
22 expended for the purpose of conducting the study and
23 preparing the report required by this act. Notwithstanding

1 any other provision of law, this appropriation shall not be
2 transferred or expended for any other purpose and any
3 unexpended, unobligated funds remaining from this
4 appropriation shall revert as provided by law on June 30,
5 2013. This appropriation shall not be included in the
6 governor's 2013-2014 standard biennial budget request.

7

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

12

13

(END)