

**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
17 explore any cost control measures that may apply to
18 Wyoming, such as payment based on medical outcome rather
19 than for specific procedures. The study shall assume that
20 existing state laws, regulations and practices will
21 continue. However, if current state laws, regulations or
22 practices conflict with the federal health care reform acts
23 or other federal laws, the study shall identify those laws,

1 regulations or practices and assume that they will be
2 changed to conform with federal requirements.

3

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

1

2 (viii) To the extent feasible, in estimating the
3 costs for the newly eligible enrollees, the study shall use
4 Wyoming experience and shall modify costs based on private
5 or other governmental programs by factors to account for
6 the costs for the Medicaid and the other populations based
7 on historical experience for Medicaid and the private or
8 other governmental programs, for comparable populations
9 adjusted for severity of health status;

10

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

18

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

23

1 (xi) The study shall identify any explicit
2 savings to the state general fund due to the elimination or
3 reduction of any current program or institutions which will
4 no longer be needed because its enrollees may or shall be
5 transferred to the Medicaid program pursuant to the health
6 care reform acts or other federal law;

7

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

12

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

17

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

21

22 (i) To assist the people, the governor and the
23 legislature of Wyoming in deciding whether to accept the

1 new mandatory eligibility and other requirements of the
2 Medicaid program under the health care reform acts or to
3 withdraw from that program, by setting forth the financial
4 consequences of that decision;

5

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

9

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

15

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

21

22 (e) Before letting any contract, the oversight
23 organization shall submit a draft of the request for

1 proposal or other document governing the contract to the
2 joint labor, health and social services interim committee
3 and the joint appropriations interim committee.
4

5 (f) The study shall be completed by September 1,
6 2012, unless the governor requires an earlier completion
7 date, and submitted to the joint labor, health and social
8 services interim committee and the joint appropriations
9 interim committee. The oversight organization shall be
10 prepared to present the results of the study to these
11 committees before the 2013 general session of the
12 legislature.
13

14 (g) The study shall be available to the people and
15 the legislature on at least one (1) relevant website and in
16 hard copy.
17

18 **Section 2.** There is appropriated six hundred thousand
19 dollars (\$600,000.00) from the general fund to the
20 governor's office. This appropriation shall be for the
21 period beginning with the effective date of this act and
22 ending June 30, 2013. This appropriation shall only be
23 expended for the purpose of conducting the study and

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

8

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

13

14

(END)