

Fiscal Estimate Narratives
DHS 3/29/2010

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| LRB Number 09-4547/2 | Introduction Number SB-647 | Estimate Type Original |
| Description payments to hospitals for HIV-related services provided to Medical Assistance recipients. | | |

Assumptions Used in Arriving at Fiscal Estimate

Under this bill, if a nonprofit association or public agency that receives Mike Johnson Life Care Services and Early Intervention grant enters into an agreement with a hospital to coordinate HIV-related specialty care and hospital services, then the Department of Health Services (DHS) would be required to pay the grant or a portion of the grant to the hospital as the non-federal share of the services provided to Medicaid (MA) beneficiaries. These grant funds are GPR-funded. In addition, the bill directs DHS to make a supplemental federal Medicaid payment to the hospital using the GPR grant funds as the non-federal match. This change would take effect in July 1, 2010.

Under the federal American Recovery and Reinvestment Act (ARRA), until December 31, 2010, each dollar of the GPR grant allocated as the non-federal share of the hospital Medicaid payment would generate approximately \$2.33 of federal matching funds. After December 31, 2010, the amount would be approximately \$1.50 of federal funding for each dollar of GPR grant funding provided to the hospital. The amount of the grant that could be shifted to fund a hospital Medicaid payment would be limited since federal Medicaid regulations limits the amount of Medicaid payments that can be paid to hospitals. The bill directs that the supplemental Medicaid hospital payment would not exceed this federal upper limit. The Department estimates that the supplement payment could not exceed \$1 million in GPR and federal funds annually because of the upper limit requirement.

In summary, since the total grant appropriation is not changed, there would be no impact on state GPR costs. However, the bill would increase federal Medicaid funding to the state, which would be provided to the hospital.

Long-Range Fiscal Implications