

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0401
Prime Sponsor(s): Rep. Young
 Sen. Roberts

Date: May 21, 2013
Bill Status: Signed into Law
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING ON-SITE INSPECTIONS OF MEDICAID PROVIDERS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor and took effect on April 8, 2013.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill aligns state law concerning the inspection of Medicaid providers with federal law. Under current state law, the state is required to provide a minimum of ten days of advance notice of a pending review or audit. Federal law requires that Medicaid providers allow the state to conduct on-site inspections, unannounced and without advance notice, for audit or review reasons or to otherwise ensure compliance with state and federal law. Payment for these inspections is not to be based on recoveries paid to the Department of Health Care Policy and Financing (HCPF) for a violation discovered as a result of the inspection.

The bill also aligns state law with federal law concerning pre- and post-enrollment site visits of providers. It specifies that HCPF or its designated agent is required to conduct site visits of providers who are designated, under federal regulations, as moderate or high risks to the Medicaid program. HCPF is authorized to promulgate rules to:

- waive site visits when such inspections are conducted by the Centers for Medicare and Medicaid Services or its designated entity (CMS); and
- designate a provider's risk category if no designation has been issued by CMS.

Background

Under the Patient Protection and Affordable Care Act (ACA), all new Medicaid providers are required to be screened and all existing providers must be rescreened by March 2016. Under federal regulations, providers are to be designated as limited, moderate, or high risk. HCPF has included the performance of site visits in its request for proposals from the fiscal agent that will be selected to manage the Medicaid Management Information System (MMIS) under a fixed-price contract.

State Expenditures

This bill could increase the efficiency of inspections from not having to provide advance notice to Medicaid providers. This workload savings is anticipated to be minimal. The bill also increases expenditures by a minimum amount as a result of rule-making to develop procedures for waiving site visits and designating a provider's risk categorization. Neither change will require an adjustment in appropriations for any state agency.

Departments Contacted

Health Care Policy and Financing

Public Health and Environment