

Testimony
North Dakota Department of Human Services
Before the Public Safety and Transportation Committee
Senator David O'Connell, Chairman
August 4, 2010

Chairman O'Connell, members of the Public Safety and Transportation Committee, I am Maggie Anderson, Director of Medical Services Division of the Department of Human Services. I appear before you to provide information on the estimated cost to increase the Medicaid fee schedule to reimburse ambulance services for the cost of providing services to Medicaid patients.

During the 2007-2008 interim, the Department of Human Services contracted with SafeTech Solutions to collect cost information and to provide an estimate of the funds needed to pay Medicaid ambulance services at cost. As part of their report, SafeTech Solutions also offered an alternate estimate of the funding needed to increase the Medicaid ambulance reimbursement to the rates paid by Medicare.

The 2009 Legislative Assembly approved increasing the Medicaid ambulance rates to the Medicare rates for state fiscal year 2010, and also authorized a six percent inflationary increase for state fiscal year 2011.

The Department's 2009-2011 Appropriation (2009 House Bill 1012) contained \$2,011,114, of which \$743,710 are general fund dollars to increase the Medicaid ambulance fee schedule to the Medicare rates.

Section 13 of 2009 House Bill 1012 states: LEGISLATION INTENT – MEDICAID PROVIDER PAYMENTS. It is the intent of the legislative assembly

that the Department of Human Services establish a goal to set Medicaid payments for hospitals, physicians, chiropractors, and ambulances at 100 percent of the cost.

Using the projected estimate provided by SafeTech Solutions in 2008, an additional appropriation of approximately \$2.8 million would be needed for 2011-2013 to increase the Medicaid ambulance fee schedule to 100% of cost. Of the \$2.8 million, approximately \$1.2 million would be from general funds.

It should be noted that with the passage of the Health Care Reform, the Department of Human Services will be required to implement a Medicaid expansion on January 1, 2014. The above estimate does not account for the increase in Medicaid utilization that can be expected as part of the Medicaid expansion in 2014.

The Department is in the processing of preparing its budget for the 2011-2013 Biennium. The Department expects to submit its base budget and optional adjustment requests on October 15. As the budget is prepared, the Department will consider the requests from all stakeholders, including Section 13 of 2009 HB 1012.

I will be happy to answer any questions you may have.