



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0953.01: Revise medicaid laws related to direct primary care

Primary Sponsor: Ed Buttrey Status: As Introduced

☐ Included in the Executive Budget ☒ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
Expenditures				
General Fund (01)	\$50,796	\$44,241	\$44,300	\$44,241
Federal Special Revenue (03)	\$94,636	\$44,241	\$44,299	\$44,241
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$94,636	\$44,241	\$44,299	\$44,241
Net Impact	<u>(\$50,796)</u>	<u>(\$44,241)</u>	<u>(\$44,300)</u>	<u>(\$44,241)</u>
General Fund Balance				

Description of fiscal impact

HB 953 allows, but does not require, the Department of Public Health and Human Services to have Direct Primary Care contracts under the Medicaid program and would only be implemented if the legislature appropriated the funds. There would be costs associated with implementing the program and administering an associated 1115 waiver. Medicaid benefits would be cost neutral.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services (department)

1. The department assumes that the implementation of Direct Primary Care (DPC) contracts will require an 1115 waiver through the Centers for Medicare & Medicaid Services (CMS). To meet federal and state public notice requirements and timelines, the department will submit the waiver to be approved by October 1, 2025, so that implementation can take effect on January 1, 2026.
2. The 1115 waiver is a five-year, multi-step approval process from CMS.
3. Based off past workload to implement and monitor current waivers, the department estimates an additional 0.50 FTE would be required to compile data, completing quarterly reporting and complete close out requirements. It is estimated that the cost of the FTE would be \$35,614 in FY 2026, \$36,148 in FY 2027, \$36,261 in FY 2028, and \$36,148 in FY 2029.
4. There is a one-time cost of \$2,700 for office set up and indirect costs are 3% of personal services.
5. The above costs are Medicaid administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50% general fund and 50% federal funds for personal services.
6. The department estimates contract costs of \$205,000 for the CMS-required independent evaluations of the

1115 waiver and will be expensed over 4 years. Contact costs receive FMAP of 50% for general fund and 50% federal funds.

7. Direct Primary Care (DPC) would be budget neutral since the program does not involve adding new services, nor a new provider type. Services being rendered in a DPC facility are services currently provided by Medicaid enrolled providers. The method of payment for DPC would be different, however, the rate would be set as budget equivalent to current services and primary care case management (PCCM) payments. The department would expect to see a shift of funds, but no additional expenses.
8. Changes to the Medicaid Management Information System (MMIS) legacy systems including data and reporting to reflect necessary changes would be one-time \$54,800 (\$137/hour for 400 hours) with an FMAP of 10% general fund and 90% federal funding.

Fiscal Analysis Table


Department of Public Health and Human Services

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	0.50	0.50	0.50	0.50
TOTAL Fiscal Impact	0.50	0.50	0.50	0.50
<u>Expenditures</u>				
Personal Services	\$35,614	\$36,148	\$36,261	\$36,148
Operating Expenses	\$109,818	\$52,334	\$52,338	\$52,334
TOTAL Expenditures	\$145,432	\$88,482	\$88,599	\$88,482
<u>Funding of Expenditures</u>				
General Fund (01)	\$50,796	\$44,241	\$44,300	\$44,241
Federal Special Revenue (03)	\$94,636	\$44,241	\$44,299	\$44,241
TOTAL Funding of Expenditures	\$145,432	\$88,482	\$88,599	\$88,482
<u>Revenues</u>				
Federal Special Revenue (03)	\$94,636	\$44,241	\$44,299	\$44,241
TOTAL Revenues	\$94,636	\$44,241	\$44,299	\$44,241
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$50,796)	(\$44,241)	(\$44,300)	(\$44,241)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Concerns

Department of Public Health and Human Services

1. If the department implements a DPC program, it may limit its ability to collect preventive core measure information for CMS reporting as there would not be detailed service level claims information.
2. The department would need to consider putting in the contract they must submit encounter claims.
3. The DPC providers would need to enroll as ordering, referring, or prescribing providers for Medicaid to reimburse for any services that these providers order, prescribe or refer. (42 CFR 455.410).


Sponsor's Initials

4/8/25
Date


Budget Director's Initials

4/7/2025
Date