



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0732.01: Establish prompt cost report reimbursement act

Primary Sponsor: David Bedey 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 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$33,900	\$7,500	\$7,500	\$7,500
Federal Special Revenue (03)	\$33,900	\$7,500	\$7,500	\$7,500
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$33,900	\$7,500	\$7,500	\$7,500
<b>Net Impact</b>	<u>(\$33,900)</u>	<u>(\$7,500)</u>	<u>(\$7,500)</u>	<u>(\$7,500)</u>
<b>General Fund Balance</b>				

#### Description of fiscal impact

HB 732 directs the Department of Public Health and Human Services (department) to align cost settlement procedures for Critical Access Hospitals (CAH) with those used by Medicare. Additionally, the bill requires the department to address the backlog of CAH experiencing delays in their final Medicaid settlements due to Medicare audits.

### FISCAL ANALYSIS

#### Assumptions

##### Department of Public Health and Human Services

1. The department estimates that there will be additional expenses to amend the current contract with the regional designated Medicare administrative contractor (MAC) to calculate interim payments for a backlog of CAHs currently experiencing delays in their final Medicaid settlements due to Medicare audits and establish annual interim settlement reviews alongside the final reviews.
2. The estimate provided by the department's vendor is a one-time operations expense to address the backlog of \$52,800, and an ongoing cost of \$15,000 annually.
3. These costs are Medicaid administrative services that receive Federal Medical Assistance Percentage (FMAP) of 50% general fund and 50% federal funds.
4. CAH cost settlements are typically budget neutral. Through the cost settlement process, the department reimburses CAHs determined to be underpaid and recoups funds from those who have received overpayments. As a result, there will be no fiscal impact to the department aside from the costs associated with the contract.

## Fiscal Analysis Table

## Department of Public Health and Human Services

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$67,800	\$15,000	\$15,000	\$15,000
<b>TOTAL Expenditures</b>	<b>\$67,800</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$33,900	\$7,500	\$7,500	\$7,500
Federal Special Revenue (03)	\$33,900	\$7,500	\$7,500	\$7,500
<b>TOTAL Funding of Expenditures</b>	<b>\$67,800</b>	<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,000</b>
<b><u>Revenues</u></b>				
Federal Special Revenue (03)	\$33,900	\$7,500	\$7,500	\$7,500
<b>TOTAL Revenues</b>	<b>\$33,900</b>	<b>\$7,500</b>	<b>\$7,500</b>	<b>\$7,500</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$33,900)	(\$7,500)	(\$7,500)	(\$7,500)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0


  
 Sponsor's Initials \_\_\_\_\_ Date 3/3/2025


  
 Budget Director's Initials \_\_\_\_\_ Date 3/3/2025