

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2019 REGULAR SESSION**

**MEASURE**

2019 BR NUMBER 0852

HOUSE BILL NUMBER 224GA/SFA 1

**TITLE** AN ACT relating to durable medical equipment covered benefits and reimbursement under Medicaid.

**SPONSOR** Senator Ralph Alvarado

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Department for Medicaid Services

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

<b>FISCAL ESTIMATES</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>			
<b>EXPENDITURES</b>		(\$18,700,000) Federal Funds (\$4,700,000) General Fund	Indeterminable
<b>NET EFFECT</b>		\$23,400,000	(Indeterminable)

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** SFA 1 amends the definition of “durable medical equipment,” requires that suppliers of durable medical equipment (DME) be paid at no less than ninety percent of the Kentucky Medicaid DME fee schedule or at the manufacturer’s suggested retail price minus eighteen percent when reimbursed by Medicaid managed care organizations (MCO), and requires that DME providers must be in-network providers with a beneficiary’s MCO to be eligible for the reimbursement levels as provided under the legislation.

**FISCAL EXPLANATION:** The Department for Medicaid Services within the Cabinet for Health and Family Services estimates that SFA 1 decreases the fiscal impact of the legislation from a total of \$30.2 million to \$6.8 million in Medicaid costs with \$5.5 million accounted for by Federal Funds and \$1.3 million accounted for by General Fund. This represents a total savings of \$23.4 million due to the provisions of SFA 1.

**DATA SOURCE(S):** Cabinet for Health and Family Services

**PREPARER:** Miriam Fordham **NOTE NUMBER:** 136 **REVIEW:** JAB **DATE:** 3/13/2019

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