

STORAGE NAME: h1415s1.frc.doc
DATE: March 1, 2002

HOUSE OF REPRESENTATIVES
FISCAL RESPONSIBILITY COUNCIL
ANALYSIS

BILL #: CS/HB 1415
RELATING TO: Organ-transplant/Medicaid Services
SPONSOR(S): Fiscal Responsibility Council and Representative McGriff, and others
TIED BILL(S): None.

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) HEALTH REGULATION YEAS 7 NAYS 0
 - (2) FISCAL RESPONSIBILITY COUNCIL YEAS 22 NAYS 0
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

The Council Substitute for House Bill 1415 requires the Agency for Health Care Administration Medicaid program to pay for medically necessary lung transplant services, subject to the availability of funds and subject to any limitations or directions provided for in the General Appropriations Act or ch. 216, F.S.

The Council Substitute for House Bill 1415 amends s. 409.915 to exempt adult lung transplant services from the county contribution requirement for inpatient hospitalization.

AHCA estimates that the bill will provide coverage for transplants for 39 individuals at a total cost of \$3,360,450. The state General Revenue required for the additional coverage will be \$1,390,218.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

B. PRESENT SITUATION:

Florida’s Medicaid program currently covers lung transplants for Medicaid recipients under age 21, but not for those Medicaid recipients over age 20.¹ This limitation creates a unique situation in the case of children who have cystic fibrosis and pediatric idiopathic pulmonary fibrosis, since treatments developed in the early 1990s can now be used to slow the lung deterioration. For example, in cystic fibrosis, 30 years ago the median life expectancy was about 8 years. Today, due to medical advances, the median life expectancy is just under 30 years and increasing. These advances in medical treatment have thus had the effect of delaying the onset of the life-threatening stage of the disease during the childhood and adolescent years until the child passes the age of 20 at which point Medicaid will no longer cover the necessary transplantation.

Payment for lung transplantation services primarily involves reimbursement for physician services, hospital inpatient services, hospital outpatient services, and prescribed drugs.

C. EFFECT OF PROPOSED CHANGES:

The bill requires the Agency for Health Care Administration Medicaid program to pay for medically necessary lung transplant services subject to the availability of funds and subject to any limitations or directions provided for in the General Appropriations Act or ch. 216, F.S.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Requires the Agency for Health Care Administration Medicaid program to pay for medically necessary lung transplant services subject to the availability of funds and subject to any limitations or directions provided for in the General Appropriations Act or ch. 216, F.S.

Section 2. Amends subsection (1) of the section 409.915, F.S., to exempt the counties from contributing for adult lung transplants. Without this exemption, the counties would be required to pay 35 percent of the total state cost for inpatient hospitalization beginning on day 11 and ending on day 45 for a Medicaid-eligible resident of the county.

Section 3. Provides that the bill will take effect July 1, 2002.

¹ Florida Medicaid Provider Reimbursement Handbook

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The Agency for Health Care Administration estimates that the bill will provide coverage for transplants for 39 individuals at a total cost of \$3,360,450. The state General Revenue required for the additional coverage will be \$1,390,218. See table below for details.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill provides coverage for services not currently reimbursed by Medicaid. Providers who have been rendering these services as uncompensated care will receive additional revenues; however, if the transplant services are reimbursed on a fee-for-service basis subject to limits on covered hospital days, rather than on a global payment basis, providers may experience uncompensated costs in providing the necessary care.

According to AHCA: "This bill may affect staffing situations, as a result of an inflow of patients as stated previously for lung transplant services. These patients have a high acuity level for care and staffing may not be prepared for this rapid influx of individuals. Employers of institutions, clinics, laboratories, and other health care providers who deal with individuals with pre-existing/progressive lung diseases may have an influx of patients in their care."²

D. FISCAL COMMENTS:

² Agency for Health Care Administration 2002 Bill Analysis and Economic Impact Statement for SB 2048, by Madeleine Noble.

Estimated Cost for Coverage of Adult Lung Transplant Services by Medicaid
Cost for Lung Transplants for Children:

	Physician	Hospital Inpatient	Hospital Outpatient	Prescribed Drugs	Total
Lung-Double	\$13,758.21	\$85,891.64	\$10,227.90	\$17,857.13	\$127,734.88
Lung-Double, By-Pass	\$95,820.76	\$439,332.91	\$47,453.35	\$65,382.42	\$647,989.44
Lung-Single	\$18,901.05	\$120,857.00	\$7,941.17	\$8,644.95	\$156,344.17
Total	\$128,480.02	\$646,081.55	\$65,622.42	\$91,884.50	\$932,068.49
Recipients	11	11	10	10	
Average Cost/Recipient	\$11,680.00	\$58,734.69	\$6,562.24	\$9,188.45	\$86,165.38
Estimated Cost for Adults:					
Estimated Adult Recipients	39	39	39	39	39
Estimated Cost	\$455,520.00	\$2,290,653.00	\$255,927.00	\$358,350.00	\$3,360,450.00
State Share	\$188,449.00	\$947,643.00	\$105,877.00	\$148,249.00	\$1,390,218.00
Federal Share	\$267,071.00	\$1,343,010.00	\$150,050.00	\$210,101.00	\$1,970,232.00

There is some concern that the estimated potential adult recipients identified in the Medicaid files may be understated because of the use of inconsistent diagnosis codes. The children's caseload in FY 00-01 was 286 for cystic fibrosis.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require a city or county to expend funds or to take any action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the revenue raising authority of any city or county.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the amount of state tax shared with a county or city.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

The intent of the bill is to provide medically necessary lung transplants to all Medicaid recipients regardless of age. However, the bill reads that "...the Agency for Health Care Administration Medicaid program shall pay for medically necessary lung transplant services" without limiting the services to those currently enrolled in Medicaid.

Therefore, to make the intent of the Legislature crystal clear, it is recommended that the bill be amended after the word "services" to add the phrase "for Medicaid recipients."

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 21, 2002, the Committee on Health Regulation adopted a "strike everything" amendment. The amendment keeps the original intent of the bill, requiring that Medicaid pay for lung transplants for any recipient that developed a progressive lung disease before 21 years of age, but addresses the constitutional issues by broadening the language of the bill. The "strike everything" amendment addresses equal protection concerns by changing the language to require AHCA to pay for all lung transplants. The "strike everything" amendment also addresses county mandate concerns by amending s. 409.915, F.S., to exempt counties from contributing to Medicaid funds paying for adult lung transplants.

On February 27, 2002, the Fiscal Responsibility Council unanimously passed a council substitute to HB 1415 that incorporated the "strike everything" amendment.

VII. SIGNATURES:

COMMITTEE ON HEALTH REGULATION:

Prepared by:

Lisa Rawlins Maurer, Legislative Analyst

Staff Director:

Lucretia Shaw Collins

AS REVISED BY THE FISCAL RESPONSIBILITY COUNCIL:

Prepared by:

Bill Speir

Staff Director:

David Coburn