



DEPARTMENT OF AUDITS AND ACCOUNTS

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February 8, 2021

Honorable Mary Robichaux
State Representative
507-B Coverdell Legislative Office Building
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill (LC 33 8498)

Dear Representative Robichaux:

The bill would establish comprehensive dental and vision coverage for adult Medicaid participants at no additional premium and increase the reimbursement rate for primary care services to the rate allowed for Medicare during calendar year 2020. Additional coverage would be effective January 1, 2022, and the increased rates would be effective July 1, 2021. The bill would also require the Department of Community Health (DCH) to prepare an annual report of the quality measures and payment levels for each health care plan it administers.

We estimated the total cost of the bill at \$344 million (state and federal), with most funds required to pay the higher rates for primary care services. Of the total, approximately \$108 million would be state funds.

Cost to Establish Comprehensive Adult Dental and Vision Services

The cost of providing comprehensive dental and vision coverage is estimated at \$111.3 million annually, of which \$36.9 million would be state funds (Table 1). The estimate is based on costs for providing coverage to approximately 712,000 adult members of Medicaid (December 2020 enrollment), and the utilization was compared to adult use of services within the State Health Benefit Plan (to the extent possible). The annual costs would vary based on increases or decreases to the adult Medicaid population, and this population could decline as the COVID-19 pandemic ends. Because the services would be effective January 1, 2022, costs would be approximately one-half of the Table 1 amounts during FY 2022.

Table 1. Estimated Annual Cost for Comprehensive Adult Dental and Vision Services

<i>(\$ in millions)</i>	State	Federal	Total Costs
Adult Dental Services	\$15.7	\$31.8	\$47.5
Adult Vision Services	<u>\$21.1</u>	<u>\$42.7</u>	<u>\$63.8</u>
Total	\$36.9	\$74.4	\$111.3

Note: Totals may not sum due to rounding

- *Dental Coverage* – Comprehensive dental coverage is required to include exams, as well as emergency, preventative, basic restorative, advanced restorative, periodontal, and oral surgery services. The cost of services is estimated at approximately \$15.7 million a year (\$47.5 million in total funds)
- *Vision coverage* – Comprehensive vision would include eye exams, eyeglass frames, prescription eyeglass lenses, bifocal or trifocals, contact lenses if medically necessary, medical and surgical procedures, and screening for glaucoma. The services are estimated to cost the state \$21.1 million (\$63.8 million in total funds).

Cost to Implement Increase Allowable Rates for Primary Care Services

This bill would increase reimbursement rates for primary care services provided to medical assistance program recipients. Effective fiscal year 2022, the reimbursement rate for these services would be equal to the Medicare rates applicable during calendar year 2020. Currently, the state pays attested providers 100% of 2014 Medicare rates and non-attested providers 84.645% of 2000 Medicare rates. The bill would increase the cost of primary care services by approximately 20%, costing \$77.3 million in state funds and \$233.0 million in total funds (Table 2).

Table 2. Estimated Annual Cost to Increase Primary Care Rates

<i>(\$ in millions)</i>	State	Federal	Total Costs
Higher Primary Care Rates	\$77.3	\$155.7	\$233.0

Cost to Prepare Healthcare Plan Annual Reports

This bill would require DCH to produce an annual report containing, at a minimum, the quality measures and payment levels across key medical billing codes for each healthcare plan it administers. This would include the State Health Benefit Plan, PeachCare, and Medicaid plans. It should be noted that third-party administrators maintain contracts with providers and are responsible for negotiating payment levels. DCH noted that some payment information on medical billing codes is proprietary and cannot be reported.

The estimate is based on costs for DCH to hire a compliance specialist to prepare annual reports containing quality measures for the Medicaid program. As shown in Table 3, the estimated cost to DCH to implement this provision is approximately \$84,000 annually.

Table 3. Estimated Cost for Preparing Annual Reports

Description	Total Costs
Personal Services	\$51,811
Fringe Benefits	<u>\$32,062</u>
Total	\$83,873

Sincerely,

A handwritten signature in blue ink that reads "Greg S. Griffin".

Greg S. Griffin
State Auditor

A handwritten signature in black ink that reads "Kelly Farr".

Kelly Farr, Director
Office of Planning and Budget

GSG/KF/jb