



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

<b>Bill information:</b>		
HB0828 - Authorize an ambulance provider assessment program (Buttrey, Edward )		
<b>Status:</b>	As Amended in House Committee	Revised for Technical Fixes

<input type="checkbox"/> Significant Local Gov Impact	<input checked="" type="checkbox"/> Needs to be included in HB 2	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts	<input type="checkbox"/> Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund - DOR	\$548,347	\$96,793	\$98,013	\$99,253
State Special Revenue - DPHHS - 1% of Revenue for Costs to Administer the Program	\$15,000	\$15,000	\$15,225	\$15,453
Federal Special Revenue - DPHHS - Supplemental Payments to Ambulance Providers to Increase Medicaid Payments	* * * * Unable to be Determined - See Technical Note * * * *			
Federal Special Revenue - DPHHS	\$45,000	\$45,000	\$45,675	\$46,360
<b>Revenue:</b>				
General Fund - DOR	\$0	\$0	\$0	\$0
State Special Revenue - DOR	\$5,885,392	\$5,885,392	\$5,885,392	\$5,885,392
State Special Revenue - DPHHS	\$0	\$0	\$0	\$0
Federal Special Revenue - DPHHS	\$45,000	\$45,000	\$45,675	\$46,360
<b>Net Impact-General Fund Balance:</b>	(\$548,347)	(\$96,793)	(\$98,013)	(\$99,253)

**Description of fiscal impact:** HB 828, as amended with technical updates and revisions to costs, establishes ambulance provider assessment fee of 5.75% of net operating revenue. The revenues generated by the fee will be used for the Department of Public Health and Human Services (DPHHS) (department) to make supplemental Medicaid payments to Medicaid ambulance providers and costs to administer the program.

### FISCAL ANALYSIS

**Assumptions:**

**Department of Public Health & Human Services**

1. The department assumes the first collection of the assessment fees in March 2024, with the first supplemental payments being made prior to July 1, 2024.
2. DPHHS will contract for the following services to determine the supplemental payment for each provider:

- Survey providers to obtain their commercial rates.
  - Calculate the total distributable amount utilizing an approved claiming methodology.
  - Calculate individual payments utilizing the approved allocation methodology.
  - Complete the average commercial rate demonstration to confirm the supplemental payments does not exceed the allowable limit.
3. Based on prior informal quotes for similar services, the department estimates this at an annual cost of \$60,000. The department assumes these services will be eligible for federal reimbursement of 75%/state funded 25% (\$45,000 federal, \$15,000 state special revenue).  
A 1.5% inflation factor was applied for FY 2026 and FY 2027.

**Department of Revenue (DOR)**

4. DOR assumes the first collection of the assessment fees will take place in March 2024.
5. It is projected that the first supplemental payments will be made prior to July 1, 2024.
6. DPHHS supplied DOR the information in the assumption 2 and 3 above.
7. According to a report DPHHS, 91,917 patients were transported by licensed ambulance providers in Montana in CY 2021. It is assumed this will remain constant over the next two benniums.
8. A 2022 study by FAIR Health estimated the average cost of a ground ambulance transport in the United States was \$1,114. It is assumed the average cost in Montana is the same.
9. 91,917 patients transported at \$1,114 per transport is \$102,354,635 of revenue by ambulance providers in CY 2021. It is assumed the demand for and cost of ambulances will not change in the short-term.
10. The amendment includes hospital ambulance services which were previously excluded.
11. This bill creates an ambulance provider fee of 5.75% of net operating revenues. This revenue would yield \$5,885,392 ( $\$102,354,635 \text{ of revenue} \times 5.75\% = \$5,885,392$ ).
12. The fee will be collected by DOR into a state special revenue account for use by DPHHS to supplement payments to ambulance providers and the cost for DPHHS to administer this program.
13. This fee will require a new fee type in GenTax to be fully functional.
14. The contracted services costs with FAST Enterprises to create a new fee type will cost \$450,000 in FY 2024.
15. A tax examiner will be required by the DOR to administer the assessment fee.
16. The personal services costs for the tax examiner are \$81,789 for FY 2024, \$83,096 for FY 2025, \$74,760 for FY 2026, and \$85,225 for FY 2027.
17. A 1.50 % inflation factor is applied to these personal services costs in FY 2025, 2026, and FY 2027.
18. New office equipment for the employee is \$2,800 and \$358 supplies.
19. Employee operating costs for phone, network, travel, rent, training, email, and supplies totals \$13,400 for FY 2024, \$13,697 for FY 2025, \$13,860 for FY 2026, and \$14,208 for FY 2027.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	1.00	1.00	1.00	1.00
<b><u>Expenditures:</u></b>				
Personal Services - DOR	\$81,789	\$83,096	\$84,153	\$85,225
Operating Expenses - DOR	\$466,558	\$13,697	\$13,860	\$14,028
Operating Expenses - DPHHS - Admin Costs	\$60,000	\$60,000	\$60,900	\$61,813
Benefits - DPHHS	*** Unable to be Determined - See Technical Note ***			
<b>TOTAL Expenditures</b>	<u>\$608,347</u>	<u>\$156,793</u>	<u>\$158,913</u>	<u>\$161,066</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01) - DOR	\$548,347	\$96,793	\$98,013	\$99,253
State Special Revenue (02) -DOR	\$0	\$0	\$0	\$0
State Special Revenue (02) - DPHHS	\$15,000	\$15,000	\$15,225	\$15,453
Federal Special Revenue (03) - DPHHS - Supplemental Payments To Ambulance Providers to Increase Medicaid Payments	*** Unable to be Determined - See Technical Note ***			
Federal Special Revenue (03) - DPHHS	\$45,000	\$45,000	\$45,675	\$46,360
<b>TOTAL Funding of Exp.</b>	<u>\$608,347</u>	<u>\$156,793</u>	<u>\$158,913</u>	<u>\$161,067</u>
<b><u>Revenues:</u></b>				
General Fund (01) - DOR	\$0	\$0	\$0	\$0
State Special Revenue (02) -DOR	\$5,885,392	\$5,885,392	\$5,885,392	\$5,885,392
State Special Revenue (02) -DPHHS	\$0	\$0	\$0	\$0
Federal Special Revenue (03) - DPHHS	\$45,000	\$45,000	\$45,675	\$46,360
<b>TOTAL Revenues</b>	<u>\$5,930,392</u>	<u>\$5,930,392</u>	<u>\$5,931,067</u>	<u>\$5,931,752</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01) - DOR	(\$548,347)	(\$96,793)	(\$98,013)	(\$99,253)
State Special Revenue (02) -DOR	\$5,885,392	\$5,885,392	\$5,885,392	\$5,885,392
State Special Revenue (02) -DPHHS	(\$15,000)	(\$15,000)	(\$15,225)	(\$15,453)

**Technical Notes:**

1. DPHHS has no verifiable data to estimate the total net operating revenue of applicable providers. DOR’s estimate of net operating revenue does not account for bad debt, charity care, and payer discounts as defined in Section 1. The net operating revenue cannot be determined without the reports outlined in Section 5 of HB 828. Therefore, \*\*\* DPHHS cannot estimate the revenue generated from the assessment fees, nor the associated federal match for Medicaid supplemental payments \*\*\*.
2. In Section 14(1)(b) and (3)(a) refer to federal funds being deposited into the ambulance provider assessment special revenue account. However, in practice DPHHS must spend state special funds first, and then a portion of those funds are reimbursed by the federal government by the applicable FMAP.
3. Ambulance providers not enrolled in Medicaid will pay a fee but can’t receive a supplemental payment.
4. The exclusions to who is an ambulance provider in Section 1 needs to include the United States, or an Indian tribe or any facility authorized under the Indian Health Care Improvement Act.
5. HB 828 and this fiscal note are contingent upon approval of the proposed ambulance supplemental payments by the Centers of Medicare and Medicaid (CMS).

**NOT SIGNED BY SPONSOR**

Sponsor’s Initials

Date

  
Budget Director’s Initials

4-3-23  
Date