



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0056: Establish ambulance provider assessment fee program**

Primary Sponsor: **Ed Buttrey** 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>
Expenditures				
State Special Revenue (02)	\$6,431,705	\$6,836,549	\$7,266,875	\$7,724,288
Federal Special Revenue (03)	\$34,341,307	\$36,505,134	\$38,805,164	\$41,249,970
Revenues				
State Special Revenue (02)	\$6,431,705	\$6,836,549	\$7,266,875	\$7,724,288
Federal Special Revenue (03)	\$34,341,307	\$36,505,134	\$38,805,164	\$41,249,970
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact

House Bill 56 establishes an ambulance provider assessment fee of 5.75% on the net operating revenues of for profit ambulance providers. This yearly fee would be reported to the Department of Revenue and recorded in a state special revenue fund called the Ambulance Medicaid Reimbursement Special Revenue Account. Money in the Ambulance Medicaid Reimbursement Special Revenue fund would be statutorily appropriated to the Department of Public Health and Human Services to match with Federal Medicaid dollars to provide a supplemental Medicaid payment for ambulance providers.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services

1. Upon CMS approval, the first payment would be made prior to June 30, 2026, using taxable transports from CY 2025, assuming first tax year will be retroactive to January 1, 2025.
2. It is estimated that 18% of ambulance providers will not be eligible to participate in the supplemental payment program as they are not taxable entities. All calculations are based on the estimated 82% of providers that will be eligible.
3. The assumed average transport cost (ATC) for FY 2025 is \$1,293, based on FY 2024 Fair Health costs and assuming a CPI rate of 2.70%. (\$1,259 2024 ATC* 2.70% CPI=\$1,293 2025 ATC). The 2.70% annual growth rate is assumed through 2029.
4. The annual ambulance ground transports are calculated based off the most current data available on DPHHS

reports for CY 2022 and assuming a 3.5% growth factor (95,137 CY 2022 ground transports * 3.5% growth factor = 105,480 ground transports for CY 2025). The 3.50% annual growth rate is assumed through 2029.

5. Total available revenue for 2025 fees collected is calculated to be \$111,855,736 (\$1,293 ATC * 105,480 annual transports * 82% eligible providers = \$111,855,736). The fees collected are 5.75% of the total eligible ambulance revenue which is estimated to be \$6,431,705 for CY 2025 (\$111,855,736 * 5.75% = \$6,431,705). Calculations for FY 2026 through FY 2029 are in the table below:

	Average Transport Cost	Annual Transports	Total Ambulance Revenues (82%)	Fees Collected
SFY 26	1,293	105,480	111,855,736	6,431,705
SFY 27	1,328	109,172	118,896,496	6,836,549
SFY 28	1,364	112,993	126,380,436	7,251,875
SFY 29	1,401	116,948	134,335,452	7,724,288

6. It is estimated that there will be \$60,000 in expenses for administration of the supplemental payment program each year. The \$15,000 in state share for these expenses will come from the state special revenue account and will be matched with \$45,000 in federal funds.
7. The FY 2024 funding split of 49.36% Traditional Medicaid (MCD) and 50.64% Expansion (EXP) is used to calculate the federal match of \$34,296,307. (\$6,416,705*49.36% MDC = \$3,167,487; \$6,416,705*50.64% EXP = \$3,249,218) (\$3,167,487/38.53% MDC FMAP = \$8,220,833; \$8,220,833 - \$3,167,487 = \$5,053,346 MDC Fed match) (\$3,249,218/10.00% EXP FMAP = \$32,492,179; \$32,492,179-\$3,249,218 = \$29,242,961 EXP Federal match) (\$5,053,346 MDC Federal match + \$29,242,961 EXP Federal match = \$34,296,307). See table below for calculations on future years.

SFY 26			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	5,053,346	3,167,487	8,220,833
EXPANSION	29,242,961	3,249,218	32,492,179
TOTAL	34,296,307	6,416,705	40,713,012
SFY27			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	5,372,172	3,367,331	8,739,503
EXPANSION	31,087,962	3,454,218	34,542,180
TOTAL	36,460,134	6,821,549	43,281,683
SFY28			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	5,711,067	3,579,753	9,290,821
EXPANSION	33,049,097	3,672,122	36,721,219
TOTAL	38,760,164	7,251,875	46,012,039
SFY 29			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	6,071,294	3,805,547	9,876,841
EXPANSION	35,133,675	3,903,742	39,037,417
TOTAL	41,204,969	7,709,288	48,914,258

Department of Revenue

8. It is anticipated this new tax will cost the Department of Revenue a total of \$1,100,464 over fiscal years 2026 to 2029. These costs would come from three divisions in Legal, Technology Services Division, and

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Business and Income Tax Division. Legal would require \$256,554 during fiscal years 2026 to 2029 for a new 0.5 FTE for hearings on contested fees. TSD would require \$475,000 as a one-time cost to contract a servicer to implement the ambulance provider assessment fee, which includes registration, payments, penalty and interest, and revenue accounting. BIT would require \$368,910 during fiscal years 2026 to 2029 for a new 1.0 FTE to administer the tax.

Fiscal Analysis Table**Department of Public Health and Human Services**

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$60,000	\$60,000	\$60,000	\$60,000
Benefits	\$40,713,012	\$43,281,683	\$46,012,039	\$48,914,258
TOTAL Expenditures	\$40,773,012	\$43,341,683	\$46,072,039	\$48,974,258
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$6,431,705	\$6,836,549	\$7,266,875	\$7,724,288
Federal Special Revenue (03)	\$34,341,307	\$36,505,134	\$38,805,164	\$41,249,970
TOTAL Funding of Expenditures	\$40,773,012	\$43,341,683	\$46,072,039	\$48,974,258
<u>Revenues</u>				
State Special Revenue (02)	\$6,431,705	\$6,836,549	\$7,266,875	\$7,724,288
Federal Special Revenue (03)	\$34,341,307	\$36,505,134	\$38,805,164	\$41,249,970
TOTAL Revenues	\$40,773,012	\$43,341,683	\$46,072,039	\$48,974,258
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Concerns

1. HB 56 is contingent upon approval of the proposed ambulance supplemental payments by the Centers of Medicare and Medicaid (CMS).
2. The fiscal note assumes the Medicaid Expansion program will continue to operate as it does today. Changes to Medicaid Expansion that will reduce or eliminate enrollment will significantly impact the fiscal impact of HB 56, as federal revenues will be significantly reduced.
3. Ambulance providers not enrolled in Medicaid will pay a fee but can't receive a supplemental payment.
4. On October 31, 2024, DPHHS surveyed 122 Montana licensed ground ambulance providers to request their net operating revenue, billable transport counts, and commercial payer rate. As of December 23, 2024, only 15 providers surveyed have responded to the survey. Of those 15 responses, six provided the necessary net operating revenue and transport information. While the limited data shows a wide range of net operating revenue per transport, it is not enough to draw reliable conclusions or make an accurate estimate about the potential fiscal impact of a Ground Ambulance Medicaid Supplemental Payment Program.



Sponsor's Initials

1/7/25

Date



Budget Director's Initials

1/3/2025

Date