



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 Amended in House Committee**

☐ 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</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>
Expenditures				
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
Federal Special Revenue (03)	\$30,115,690	\$34,784,925	\$37,017,790	\$39,391,689
Revenues				
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
Federal Special Revenue (03)	\$30,115,690	\$34,784,925	\$37,017,790	\$39,391,689
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

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. Amendments to HB 56 allow the Department of Revenue to recoup administrative costs from state special assessment fee funds, although there is no appropriation authority for the Department of Revenue contained in the bill.

FISCAL ANALYSIS

Assumptions

Department of Public Health and Human Services

1. Upon CMS approval, the first payment would be made prior to September 30, 2026, using taxable transports from CY 2025, assuming first tax year will be retroactive to January 1, 2025.
2. It is estimated that 20% of ambulance providers will not be eligible to participate in the supplemental payment program as they are not taxable governmental or tribal entities. All calculations are based on the estimated 80% 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%. ($\$1,259 \text{ 2024 ATR} \times 2.70\% \text{ CPI} = \$1,293 \text{ 2025 ATC}$). 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 * 80% eligible providers = \$109,108,512). See below table for calculation for following years.
6. The fees collected are 5.75% of the total eligible ambulance revenue which is estimated to be \$6,431,705 for CY 2025 (\$109,108,512 * 5.75% = \$6,273,739).

Year of Revenue Collection	Average Transport Cost	Annual Transports	Total Ambulance Revenues (80%)	Fees Collected	Administrative Costs - DPHHS SSR	Administrative Costs - DOR	SSR Available for Supplemental Payments
SFY 26	1,293	105,480	109,108,512	6,273,739	15,000	632,631	5,626,108
SFY 27	1,328	109,172	115,976,347	6,668,640	15,000	153,936	6,499,704
SFY 28	1,364	112,993	123,276,478	7,088,398	15,000	155,933	6,917,465
SFY 29	1,401	116,948	131,036,116	7,534,577	15,000	157,965	7,361,612

7. It is estimated there will be \$60,000 in expenses for the department to administer the disbursement of supplemental payments 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.
8. The Department will match the remaining funds each year in the state special revenue account (total revenue – admin costs in assumption #7) with federal funds to calculate total supplemental payments. The supplemental payments will be made in the fiscal year following the year the revenue is collected (FY 2026 revenue will be used for FY 2027 supplemental payments). The FY 2024 funding split of 49.36% Traditional Medicaid (MCD) and 50.64% Expansion (EXP) is used to calculate the federal match of \$30,070,690. (\$5,626,108*49.363% MDC = \$2,777,224; \$5,626,108*50.637% EXP = \$28,488,847) (\$2,777,224/38.53% MDC FMAP = \$7,207,952; \$7,207,952 - \$2,777,224 = \$4,430,728 MDC Fed match) (\$2,848,885/10.00% EXP FMAP = \$28,488,847; \$28,488,847-\$2,848,885 = \$25,639,962 EXP Federal match) See table below for calculations on future years.

FY 2027			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	4,430,728	2,777,224	7,207,952
EXPANSION	25,639,962	2,848,885	28,488,847
TOTAL	30,070,690	5,626,108	35,696,798
FY 2028			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	5,118,710	3,208,458	8,327,168
EXPANSION	29,621,214	3,291,246	32,912,460
TOTAL	34,739,925	6,499,704	41,239,629
FY 2029			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	5,447,709	3,414,678	8,862,387
EXPANSION	31,525,082	3,502,787	35,027,869
TOTAL	36,972,791	6,917,465	43,890,255
FY 2030			
ELIGIBILITY CATEGORY	FEDERAL	STATE	TOTAL
MCD	5,797,488	3,633,923	9,431,411
EXPANSION	33,549,201	3,727,689	37,276,890
TOTAL	39,346,690	7,361,612	46,708,301

Department of Revenue (DOR)

9. It is anticipated this new tax will create a fiscal impact to Department of Revenue for fiscal years 2026 to 2029. These costs would come from three divisions in Legal, Technology Services Division, and Business and Income Tax Division. Legal would require 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 a new 1.0 FTE to administer the tax. Total DOR costs are: \$632,631 in FY 2026, \$153,936 in FY 2027, \$155,933 in FY 2028, and \$157,965 in FY 2029. Amendments to HB 56 allow the Department of Revenue to recoup costs from the state special revenue ambulance provider assessment fees, however, there is no appropriation in the bill for the DOR. As such, all costs for the DOR associated with implementing HB 56 would need to be included in HB 2.

Statutory Appropriation

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	Yes	No
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.	X	

Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
FTE	1.50	1.50	1.50	1.50
TOTAL Fiscal Impact	1.50	1.50	1.50	1.50
Expenditures				
Personal Services	\$133,409	\$135,030	\$136,675	\$138,345
Operating Expenses	\$559,222	\$78,606	\$78,953	\$79,311
Equipment	\$0	\$300	\$305	\$309
Benefits	\$35,696,798	\$41,239,629	\$43,890,255	\$46,708,301
TOTAL Expenditures	\$36,389,429	\$41,453,565	\$44,106,188	\$46,926,266
Funding of Expenditures				
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
Federal Special Revenue (03)	\$30,115,690	\$34,784,925	\$37,017,790	\$39,391,689
TOTAL Funding of Expenditures	\$36,389,429	\$41,453,565	\$44,106,188	\$46,926,266
Revenues				
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
Federal Special Revenue (03)	\$30,115,690	\$34,784,925	\$37,017,790	\$39,391,689
TOTAL Revenues	\$36,389,429	\$41,453,565	\$44,106,188	\$46,926,266
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
State Special Revenue (02)	\$0	\$0	\$0	\$0

Federal Special Revenue (03)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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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.
5. Whereas the amendments to the bill state that Department of Revenue costs may be deducted from fees collected, the bill contains no appropriation for the Department of Revenue. Ambulance provider assessment fees are statutorily appropriated to the Department of Public Health and Human Services.

2/5/252/4/2025

Sponsor's Initials

Date

Budget Director's Initials

Date



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2027 Biennium

17-1-507, MCA.

1. Are there persons or entities that benefit from this dedicated revenue that do not pay?

No

All ambulance providers would pay the same 5.75% assessment.

2. What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

No

NA

3. Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended?

Yes

Revenue generated by the 5.75% assessment fee would be matched with federal Medicaid funds and sent back out to ambulance providers as a supplemental payment.

4. Does the need for this state special revenue provision still exist?

No

N/A

5. Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending?

No

The legislature would be able to track the revenue, the federal match, and the total supplemental payments.

6. Does the dedicated revenue fulfill a continuing, legislatively recognized need?

No

Municipalities may run an ambulance service mill levy as allowed in 7-34-102, MCA.

7. How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? Also, if the program/activity were general funded, could you adequately account for the program/activity?

No

N/A