

FISCAL NOTE
Requested by Legislative Council
01/25/2021

Amendment to: SB 2343

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2019-2021 Biennium		2021-2023 Biennium		2023-2025 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$3,035,446	\$3,457,946	\$19,894,810	\$22,850,846
Appropriations			\$3,035,446	\$3,457,946	\$19,894,810	\$22,850,846

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2019-2021 Biennium	2021-2023 Biennium	2023-2025 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB2343 directs the Department of Human Services (Department) to contract with a licensed dental health plan to provide dental benefits for Medicaid members. The net fiscal impact of providing Medicaid dental benefits through a managed care program is \$6,493,392 of which \$3,035,446 is general fund.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 of SB 2343 directs the Department to provide Medicaid dental benefits statewide through a carve-out dental care managed care organization (MCO) program. The Department estimates the dental premium per member per month (PMPM) would be \$20.37 for SFY23. Estimated Medicaid members per month for the 2021-2023 biennium is 83,233. As an MCO, the Department would pay the PMPM rate each month, even if all members did not receive a dental service each month. The Department projects needing 12 months to procure and implement a dental MCO; therefore, estimates for the 2021-23 biennium include only 12 months of expenditures for the second year of the biennium.

The estimated expenditures for a dental MCO for the last 12 months of the 2021-2023 biennium is \$20,345,472. The Executive Budget Request (EBR) for HB 1012, for the second 12-months of the biennium, includes an appropriation of \$14,309,744 for Medicaid dental benefits. After offsetting the appropriation included in the EBR for HB 1012 with the total expenditures estimated for a dental MCO, the net estimated increase is 6,035,728. Per federal requirements, PMPM rates must be actuarially sound and the Department must contract for the MCO to have an External Quality Review (EQR). The estimated cost of the actuarial services for the 2021-2023 biennium is \$200,000, of which \$100,000 would be general fund; the EQR services are estimated to be \$5,000/month for a 12-month total of \$60,000, of which \$30,000 are general fund. The Department will also need one FTE to procure and implement a dental MCO, the FTE will be needed for the entire 2021-2023 biennium at an estimated cost of \$197,664, for salary and operating costs, of which \$98,832 is general fund.

The estimated costs of dental benefits under the MCO program including the cost of the one FTE, actuary, and EQR for the 2023-2025 biennium is \$42,554,946 of which \$19,894,810 is general fund

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

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The estimated costs of dental benefits under the MCO program including the cost of the one FTE, actuary, and EQR for the 2023-2025 biennium is \$42,554,946 of which \$19,894,810 is general fund

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

For the 2021-2023 biennium, the Department would need an appropriation increase in the Medical Grants line of \$6,035,728 of which \$2,806,614 is general fund, to the Executive Budget Request for HB 1012. The Department would need an increase in the Salaries and Wages line of \$190,710, of which \$95,355 is general fund, and an increase in the Operating line of \$266,954, of which \$133,477 is general fund, to HB 1012.

For the 2023-2025 biennium, the Department would need appropriation in the Medical Grants line of \$42,229,092 of which \$19,636,528 is general fund, an appropriation in the Salaries and Wages line of \$190,710 of which \$95,355 is general fund, and an appropriation in the Operating line of \$325,854 of which \$162,927 is general fund.

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