

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2657

STATE OF NEW JERSEY

DATED: JUNE 18, 2018

Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2657.

This bill establishes a Medicaid emergency room triage reimbursement fee for low acuity emergency room encounters of patients enrolled in the State Medicaid fee-for-service program. Under the bill, a hospital in the State providing emergency services to patients enrolled in the State Medicaid fee-for-service program must accept as final payment an emergency room triage reimbursement fee of \$140.00 when the emergency services provided are for low acuity emergency room encounters. As defined by the bill, acuity means the measurement of the intensity of nursing care required by a patient. The bill requires the Commissioner of Human Services to publish a list of diagnostic codes that would be considered low acuity emergency room encounters for the purpose of applying this fee.

FISCAL IMPACT:

The Office of Legislative Services estimates that this bill will result in an indeterminate decrease in expenditures from the General Fund due to cost savings realized within the Medicaid fee-for-service (FFS) program for certain emergency room services, as outlined in the bill. However, without data by the Executive Branch, the OLS cannot quantify this impact. Certain reports have indicated the savings between \$29 and \$75 million, but the OLS cannot verify these claims.

According to the department, as of March 2018, 5.3 percent of all Medicaid recipients in the State are enrolled in the FFS program. As such, the savings directly provided by this bill will be proportionate to the percentage of recipients that receive Medicaid benefits through the FFS program.

For reference, in FY 17 according to data presented by the Department of Human Services during the FY 2019 Budget process, 148,966 Medicaid FFS consumers made 1,914,011 outpatient claims. The total Medicaid payment for these claims was \$205,987,037, with the average payment amount per claim being \$107.62. It is likely that multiple claims are included in a single encounter; therefore, the total cost of certain encounters was higher than \$107.62. The OLS, however, is unable to determine which outpatient claims were due to emergency department visits, the average cost of those visits, and

which of those visits would be defined as low acuity under the bill. According to the most recent National Hospital Ambulatory Medical Care Survey (2015), 7 percent of Medicaid emergency department visits are classified as “non-urgent” conditions or injuries that could have been handled in other, less expensive settings.

The OLS notes that it is possible that the enactment of this bill would indirectly affect rates within the Medicaid managed care program; however, the certainty and degree to which this may happen is not known. With the majority of Medicaid recipients enrolled in the managed care program, the implementation of an emergency room triage fee of \$140.00, as provided in the bill for the FFS program, would significantly increase the cost savings provided by this bill. For reference, in FY 17, 596,378 Medicaid managed care consumers made 1,346,514 emergency room - outpatient claims. The total Medicaid payment for these claims was \$392,057,024, with the average payment amount per claim being \$291.16. Again, it is likely that multiple claims are included in a single encounter.