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OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research
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Office

H.B. 433
133rd General Assembly

Fiscal Note & Local Impact Statement

[Click here for H.B. 433's Bill Analysis](#)

Version: As Introduced

Primary Sponsor: Rep. Lang

Local Impact Statement Procedure Required: No

Nelson V. Lindgren, Economist

Highlights

- The bill requires that Medicaid managed care organizations (MCOs) use a competitive selection process when contracting with a vendor to provide laboratory services, which could lead to a decrease in costs.

Detailed Analysis

The bill requires a Medicaid MCO to use a competitive selection process when contracting with a vendor to provide laboratory services and outlines some of the selection process. Requiring a competitive selection process may increase the number of laboratory service vendors who seek engagement with Medicaid MCOs. If this occurs, it is possible that a Medicaid MCO may receive a bid that is lower than their current contract, which may lead to decreased costs for laboratory services. Depending on the amount of any decrease, some of these savings could be passed on to the state in the form of lower capitated payments.¹ As Medicaid is a joint state-federal program, the state is generally reimbursed by the federal government at a rate of approximately 63¢ per \$1 the state spends on Medicaid. Therefore, roughly 63% of any savings resulting from the bill would accrue to the federal government, and the remaining 37% of savings would accrue to the state.

HB0433IN/zg

¹ Medicaid MCO capitated payments are required to be actuarially sound. When setting rates, actuaries review MCO costs. Thus, changes in expenditures could impact future capitated payment amounts.