



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0056.01 R (005): Establish ambulance provider assessment fee program

Primary Sponsor: Ed Buttrey Status: As Amended in House

☐ 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>
<b>Expenditures</b>				
General Fund (01)	\$632,631	\$267,197	\$0	\$0
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
Federal Special Revenue (03)	\$33,497,006	\$32,831,736	\$35,589,664	\$39,391,689
<b>Revenues</b>				
General Fund (01)	\$0	\$632,631	\$267,197	\$0
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
Federal Special Revenue (03)	\$33,497,006	\$32,831,736	\$35,589,664	\$39,391,689
<b>Net Impact</b>	<u>(\$632,631)</u>	<u>\$365,434</u>	<u>\$267,197</u>	<u>\$0</u>
<b>General Fund Balance</b>				

### 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 (DOR) 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 include general fund appropriations to the DOR, and provide for a transfer from the new state special fund to the general fund for all DOR implementation costs.

### 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 2024 ATR\* 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 \$109,108,512 (\$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 \$6,273,739 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	DOR Admin	GF Approp	SSR Reimburse GF	SSR For Supp. Payments
FY 26	1,293	105,480	109,108,512	6,273,739	15,000	632,631	632,631	-	6,258,739
FY 27	1,328	109,172	115,976,347	6,668,640	15,000	153,936	267,197	632,631	6,134,270
FY 28	1,364	112,993	123,276,478	7,088,398	15,000	155,933	-	267,197	6,650,268
FY 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 \$33,452,006. See table below for calculations on future years.

**SY 2027**

ELIGIBILITY CATEG	FEDERAL	STATE	TOTAL
MCD	4,928,944	3,089,510	8,018,454
EXPANSION	28,523,062	3,169,229	31,692,292
<b>TOTAL</b>	<b>33,452,006</b>	<b>6,258,739</b>	<b>39,710,745</b>

**FY 2028**

ELIGIBILITY CATEG	FEDERAL	STATE	TOTAL
MCD	4,830,920	3,028,068	7,858,988
EXPANSION	27,955,816	3,106,202	31,062,017
<b>TOTAL</b>	<b>32,786,736</b>	<b>6,134,270</b>	<b>38,921,006</b>

**FY 2029**

ELIGIBILITY CATEG	FEDERAL	STATE	TOTAL
MCD	5,237,284	3,282,781	8,520,064
EXPANSION	30,307,380	3,367,487	33,674,867
<b>TOTAL</b>	<b>35,544,664</b>	<b>6,650,268</b>	<b>42,194,931</b>

**FY 2030**

ELIGIBILITY CATEG	FEDERAL	STATE	TOTAL
MCD	5,797,488	3,633,923	9,431,411
EXPANSION	33,549,201	3,727,689	37,276,890
<b>TOTAL</b>	<b>39,346,690</b>	<b>7,361,612</b>	<b>46,708,301</b>

**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.

10. Amendments to HB 56 allow the Department of Revenue to recoup costs from the state special revenue ambulance provider assessment fees, and provide for a transfer from the new state special revenue fund to reimburse the general fund. New Section, Section 18 includes general fund appropriations to the Department of Revenue to offset the agency's administrative costs in FY 2026 and FY 2027. In FY 2027 the Department of Revenue will use state special ambulance provider assessment revenue to reimburse agency start-up and operating costs from FY 2026.

**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

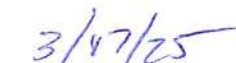
	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b><u>Fiscal Impact</u></b>				
FTE	1.50	1.50	1.50	1.50
<b>TOTAL Fiscal Impact</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>	<b>1.50</b>
<b><u>Expenditures</u></b>				
Personal Services	\$133,409	\$135,030	\$136,675	\$138,345
Operating Expenses	\$559,222	\$78,606	\$78,953	\$79,311
Equipment	\$0	\$300	\$306	\$309
Benefits	\$39,710,745	\$38,921,006	\$42,194,931	\$46,708,301
Transfers	\$0	\$632,631	\$267,197	\$0
<b>TOTAL Expenditures</b>	<b>\$40,403,376</b>	<b>\$39,767,573</b>	<b>\$42,678,062</b>	<b>\$46,926,266</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$632,631	\$267,197	\$0	\$0
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
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<b>TOTAL Funding of Expenditures</b>	<b>\$40,403,376</b>	<b>\$39,767,573</b>	<b>\$42,678,062</b>	<b>\$46,926,266</b>
<b><u>Revenues</u></b>				
General Fund (01)	\$0	\$632,631	\$267,197	\$0
State Special Revenue (02)	\$6,273,739	\$6,668,640	\$7,088,398	\$7,534,577
Federal Special Revenue (03)	\$33,497,006	\$32,831,736	\$35,589,664	\$39,391,689
<b>TOTAL Revenues</b>	<b>\$39,770,745</b>	<b>\$40,133,007</b>	<b>\$42,945,259</b>	<b>\$46,926,266</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$632,631)	\$365,434	\$267,197	\$0
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.
5. Section 14 directs the Department of Public Health and Human Services to reimburse the general fund for Department of Revenue (DOR) costs associated with administering HB 56. Section 18 provides general fund appropriations for the 2027 Biennium, with direction that the legislature intends for \$131,000 in general fund each year to be included in the ongoing base for personal service costs for DOR. Revenue collections from the new ambulance provider fee are anticipated to be sufficient to support DOR costs, with no need for the general fund appropriation. The result would be annual reversions of \$131,000 in unspent general fund authority beginning in the 2029 Biennium.



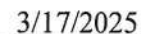
Sponsor's Initials



Date



Budget Director's Initials



Date





## 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 the 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*

As the Executive Branch would establish distinct fund numbers, the legislature would be able to track the revenue, the federal match, and the total supplemental payment.

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

*No*

Municipalities ay 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