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**FISCAL IMPACT STATEMENT**

**LS 7010**

**BILL NUMBER:** HB 1653

**NOTE PREPARED:** Feb 19, 2009

**BILL AMENDED:**

**SUBJECT:** Medicaid Services Competitive Bidding.

**FIRST AUTHOR:** Rep. Austin

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill requires the Office of Medicaid Policy and Planning (OMPP) to take specified action before deciding to begin the competitive bid process for certain items and services. The bill requires OMPP to ensure that: (1) the competitive bidding procedure is open to all persons currently providing the item or service for the Medicaid program; and (2) the bidding specifications are not written to give an advantage to an out-of-state company.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** The cost of the provisions of this bill would depend on the number of times OMPP would seek competitive bids for Medicaid-reimbursed drugs, supplies, equipment, and services. The additional procedural requirements would result in additional workload for the agency and, potentially, added time for the development of a new procurement.

The bill would require OMPP to contact providers to determine if the services or supplies could be provided at lower cost or increased efficiency prior to beginning the competitive bidding process. The bill does not prohibit OMPP from proceeding with the competitive bidding process once the providers have been contacted. OMPP should be capable of performing this requirement within the current level of resources available.

The bill also requires OMPP to analyze the potential loss of jobs and tax revenue if the Indiana entities that currently provide the services or supplies would no longer be reimbursed for the Medicaid services or supplies due to a contract being awarded to an out-of-state supplier. The provision does not specify how OMPP may obtain the data necessary to perform the required analysis. The analysis is required prior to the

beginning of the competitive bidding process. The bill does not prohibit OMPP from beginning the competitive bid process after performing the analysis. The provision may result in additional work for the existing OMPP administrative resources and could increase the amount of time necessary to develop and procure Medicaid program purchases.

The bill provides that if OMPP decides to seek competitive bids after completing the pre-bid requirements outlined, it is to ensure the bidding procedure is open to all current Medicaid providers of the supply or service and that the bid specifications are not written to give an advantage to an out-of-state company. By law, the Indiana Department of Administration (IDOA) is the purchasing agent for all executive branch agencies. While OMPP may supply the parameters for a proposed purchase, IDOA controls the competitive bidding process.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** OMPP, Family and Social Services Administration; IDOA.

**Local Agencies Affected:**

**Information Sources:** IDOA, procurement web site at: <http://www.in.gov/idoa/2694.htm> and IC 5-22.

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