

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 658** HLS 25RS 1146

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 7, 2025	4:24 PM	<b>Author:</b> TURNER
<b>Dept./Agy.:</b> Health/LDH		<b>Analyst:</b> Luis Galvan
<b>Subject:</b> Establishes the Medicaid Trust Fund for Addiction Recovery		

MEDICAID OR INCREASE RV See Note  
Establishes the Medicaid Trust Fund for Addiction Recovery

Proposed law establishes the Medicaid Trust Fund for Addiction Recovery (fund) in the state treasury. Requires deposit of monies from intergovernmental transfers, opioid settlement proceeds, self-assessed provider fees, federal grants, and other sources, after allocation to the Bond Security and Redemption Fund. Proposed law limits use of fund principal to specific purposes, including Medicaid addiction provider rate rebasing, reimbursement system development, enhanced payments to local government healthcare facilities, LDH administrative reimbursements, and repayment of federal overpayments. Proposed law permits annual appropriation of investment earnings for direct care personnel wage enhancements and Medicaid services eligible for federal match. Proposed law authorizes LDH to promulgate rules to assess fees on addiction recovery providers and deposit the proceeds into the fund. Proposed law provides for confidentiality of provider financial information. Proposed law authorizes the governor to delegate fee collection to another state agency by executive order.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Ded./Other	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>						
REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Federal Funds	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	<b>INCREASE</b>	
Local Funds	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will have a significant but indeterminable increase in expenditure within LDH as a result of creating the Medicaid Trust Fund for Addiction Recovery, to establish separate provisions for the use of expenses from the fund. Disbursements can be made to LDH, local governments, or other entities pursuant to appropriation. Principal may be used for rebasing Medicaid reimbursement rates, developing and funding a new reimbursement system for Medicaid addiction recovery service providers, reimbursing LDH and local governments for administrative or match costs related to intergovernmental transfers, enhancing payments to local government-operated programs, and refunding disallowed to the federal government. Investment earnings from the Medicaid Trust Fund for Addiction Recovery may be appropriated annually for wage enhancements for direct care personnel and Medicaid services eligible for federal match. All other uses of the principal require a two-thirds vote of the Legislature.

State Treasury requires certain resources to create and administer a statutory dedication, as in this measure. Should aggregate session action result in the creation of funds beyond that which can be absorbed within existing resources, additional funding may be required, which is assumed to be SGR in this fiscal note.

**REVENUE EXPLANATION**

Proposed law may result in an indeterminable increase in revenues associated with the creation of the Medicaid Trust Fund for Addiction Recovery beginning in FY 26. Increase revenue is anticipated to derive from Dedicated and Federal Funds, including proceeds from opioid-related settlement agreements (e.g., Janssen and the Big Three Distributors, Allergan, CVS, Endo, Kroger, Mallinckrodt (NOAT II), McKinsey & Company (state and local), Publicis Health, Purdue, Teva, Walgreens, and Walmart). In addition, proposed law authorizes the fund to receive deposits from self-assessed fees, intergovernmental transfers (IGTs), and federal grant allocations. Proposed law does not specify the provider fee amount, does not define "addiction provider," and includes no estimates for potential IGTs, federal grants, or allocations from the Opioid Abatement Settlement in future fiscal years.

Note: The estimated total value of all 14 opioid-related settlement agreements is approximately \$681.7 M. After accounting for reductions of 10.5% for attorney fees and administrative reserves, the net projected value of settlement proceeds is approximately \$610.12 M. As of this writing, approximately \$141.4 M has been distributed, with 20% allocated to parish sheriffs and 80% to local governments, resulting in an estimated remaining amount of \$468.6 M. It is anticipated that this figure may fluctuate due to settlement terms that allow certain defendants to prepay future obligations at a discounted rate (up to three prepayments are allowed under current agreements).

Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**Patrice Thomas**  
**Deputy Fiscal Officer**