

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 922** HLS 16RS 1419
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: June 3, 2016	11:17 AM	Author: HENSGENS
Dept./Agy.: DHH/Medicaid		Analyst: Shawn Hotstream
Subject: Provider fee		

NURSING HOMES EG1 +\$16,928,449 SD RV See Note Page 1 of 2
 Revises provider fees assessed on nursing homes by the Department of Health and Hospitals

Present law provides for certain provider fees (including a fee on every nursing facility. The nursing facility fee shall not exceed \$10 per occupied bed per day.
Proposed law provides the fee for nursing facilities shall not exceed the percentage of net patient revenue service revenues permitted by federal regulation pursuant to 42 CFR 433.68 as determined by DHH on a per occupied bed per day basis.
 Additionally, senate committee amendments require the treasurer to create sub accounts within the Medical Assistance Trust Fund (MATF) and deposit provider fee revenues collected from certain provider group's provider fees (nursing homes, pharmacy, Developmentally Disabled beds) into such separate accounts. In addition, amendments provide that provider fees deposited into the accounts, including interest earned on the separate accounts, shall be used for the payment of services to the provider group that paid the fee into the account in any fiscal year. Senate committee amendments require the treasurer to report the status of the separate accounts that comprises the MATF quarterly to DHH, and requires DHH to report on the expenditure of funds out of each separate account quarterly to JLCB.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$16,928,449	\$16,928,449	\$16,928,449	\$16,928,449	\$16,928,449	\$84,642,245
Federal Funds	\$27,927,007	\$27,927,007	\$27,927,007	\$27,927,007	\$27,927,007	\$139,635,035
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$44,855,456	\$44,855,456	\$44,855,456	\$44,855,456	\$44,855,456	\$224,277,280

EXPENDITURE EXPLANATION

In current practice, DHH reimburses nursing facilities through rates the amount of the tax assessed (\$10) to offset the cost of the tax. To the extent DHH continues this current practice for the additional \$1.80, the department would increase nursing home rates by a total of \$12,409,400 in FY 17, based on a projected 6,894,111 Medicaid bed days.

Additionally, senate committee amendments require the treasury to allocate interest earned on provider fee revenues deposited into sub accounts within the Medical Assistance Trust Fund (an existing statutory dedication fund). Proposed amendments are not anticipated to result in a cost to the treasury. Both the state treasurer and DHH shall report the status and utilization (expenditures) of the Medical Assistance Trust Fund and separate accounts within the fund on a quarterly basis to the Joint Legislative Committee on the Budget. There is no anticipated fiscal impact related to reporting. To the extent additional revenues or interest earned on such revenues are not appropriated for expenditure to DHH, such monies will remain in the separate accounts within the MATF.

REVENUE EXPLANATION

Currently, DHH collects a provider fee for healthcare services provided on every nursing home facility. The current fee is \$10 per occupied bed per day. The department projects this measure will increase the fee by \$1.80 to \$11.80 per bed per day. Based on the current projection of the number of occupied nursing facility bed days for FY 16 (9,404,694), this measure will generate approximately \$16.9 M in statutory dedication revenue in FY 17. The fee is anticipated to be deposited into the Medical Assistance Trust Fund (MATF) in the treasury. The fee will be utilized to draw down federal financial participation. Based on the federal medical assistance percentage (FMAP) for FY 17, estimated federal matching funds for FY 17 total \$27,927,007. See illustration below.

$$9,404,694 \text{ bed days} \times 1.80 = \$16,928,449 \text{ (new provider fee revenue)}$$

$$+ \$27,927,007 \text{ (federal match at 62.26\% FMAP)}$$

$$= \$44,855,456 \text{ (Total new revenue)}$$

Note: In current practice, DHH reimburses the nursing facilities the amount of the fee currently assessed (\$10) in the reimbursement rates to offset the cost to the tax to the facilities. To the extent DHH continues this current practice for the additional \$1.80 fee increase, the department would essentially net the federal matching funds only. See page 2

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|--|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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CONTINUED EXPLANATION from page one:

Revenue Explanation: continued

Additionally, senate committee amendments to this measure require the treasury to deposit provider fee monies collected from each provider group to separate accounts (within the Medical Assistance Trust Fund) created for the specific provider group, and to allocate interest to each account that is earned on monies in each separate account for the specific provider group. Information provided by the treasury indicates the practice of depositing revenues in separate sub accounts within the treasury is current practice, as Article VII Section 10:14 of the Louisiana Constitution requires such deposits within the MATF.

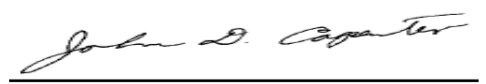
Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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