

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 405** HLS 17RS 581
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Health **Analyst:** Patrice Thomas
Subject: Medicaid Reimbursement Rate for Disability Services

MEDICAID OR INCREASE GF EX See Note Page 1 of 1
 Provides relative to the Medicaid disability services system

Proposed law requires the Dept. of Health (LDH) to reimburse home and community-based service (HCBS) providers on an individual per diem rate. Proposed law requires LDH to reimburse support coordination agencies on a monthly basis for Residential Options Waiver (ROW) services as well as early and periodic screening, diagnostic, and treatment services. Proposed law providers limited exceptions to the required reimbursement methodology. Proposed law prohibits LDH from implementing a reimbursement methodology that is lower than the current rate. Proposed law requires LDH to utilize electronic plans of care for all Medicaid waiver programs providing disabilities services. Proposed law requires LDH to streamline the approval process for plans of care and use any cost savings to increase reimbursement rates to disabilities providers. Proposed law prohibits LDH from implementing any regulation that increases cost to disabilities providers less under specific conditions. Proposed law requires LDH to submit necessary documents necessary to implement the proposed legislation to U.S. Dept. of Health & Human Services (DHHS) prior to December 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed legislation is anticipated to increase expenditures associated with rate setting and developing electronic plans of care by approximately \$4.3 M in FY 18. However, the overall fiscal impact of this measure may be greater than \$4.3 M as a result of moving from an incremental reimbursement system to a daily rate (per diem) reimbursement system for certain providers. This cost is indeterminable and depends on the actual daily rate utilized. The proposed legislation requires the LA Department of Health (LDH) to do the following: (1) Reimburse home and community-based services (HCBS) providers based on an individual per diem rate; (2) Reimburse support coordination agencies on a monthly basis for services through the residential option waiver (ROW) program as well as early and periodic screening, diagnostic, and treatment services (LDH does not anticipate any cost associated with this reimbursement change); (3) Require electronic plans of care for all Medicaid waivers providing developmental disabilities services and streamline approval process for plans of care; and (4) Identify and utilize any cost savings resulting from streamlining efforts within the disability services system to increase reimbursement rates for disability providers. This legislation requires LDH to seek approval from U.S. Dept. of Health & Human Services (DHHS), Centers for Medicare & Medicaid (CMS) prior to Dec 1, 2017.

Individual Per Diem Rate. Since the proposed legislation prohibits LDH from implementing a per diem rate that is lower than the current reimbursement, this measure is not anticipated to result in any savings, but could result in an indeterminable increase. In FY 16, total payments to HCBS providers were \$751.2 M. Based on an existing contract for nursing home cost reporting and rate setting, LDH estimates a \$2.5 M contract needed to perform individual rate setting for over 500 HCBS providers. In addition, the administrative costs within LDH are anticipated to increase by indeterminable amount as a result of implementing a new reimbursement methodology. LDH has indicated the need for three additional positions – Medical Certification Specialist (2) and a Program Manager (1).

Electronic Plans of Care. Information provided by LDH indicates a cost of \$1.45 M (\$145,000 SGF and \$1,305,000 Federal) in FY 18 to develop electronic plans of care (ePOC) for all Medicaid waivers providing developmental disabilities services. This amount is based on an ePOC for the Office of Aging and Adult Services. Programming changes to the reimbursement system will be covered under the existing contract with Molina and changes the prior authorization system under the existing contract with SRI. The increase to the SRI contract is estimated at \$292,033 in FY 18 and \$60,268 in FY

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 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}

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