

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 402** HLS 17RS 844
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 18, 2017 11:09 AM	Author: HAVARD
Dept./Agy.: LDH/OBH	Analyst: Tanesha Morgan
Subject: MENTAL HEALTH	

MENTAL HEALTH RE1 INCREASE GF EX See Note Page 1 of 1
 Provides for licensure and regulation of community-based care facilities

Proposed law authorizes the La. Department of Health (LDH) to promulgate and adopt rules, regulations, and standards to license and regulate facilities to be operated as community-based care facilities in order to provide for the health, safety, and welfare of persons receiving mental health services.

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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

This measure authorizes a new provider type to be licensed by the state, which may provide Medicaid eligible services. Total Medicaid costs could be significant based on the level of services provided. Implementation of this program shall be subject to approval by CMS and JLCB.

First, this proposed legislation authorizes the Department of Health (LDH) to license community-based facilities for mental health patients. The impact to LDH Health Standards is indeterminable and depends on the number of providers seeking licensure. To the extent that there are a few providers, the fiscal impact to LDH to license and regulate these facilities is anticipated to be minimal. To the extent that there are many providers, the department indicates that this will require four additional positions at a cost of \$381,650 to license and regulate the facilities. This projected increase in personnel is based upon workload associated with approximately 60 facilities.

The LDH Office of Behavioral Health indicates that these providers may offer residential housing. However, the Legislative Fiscal Office (LFO) cannot determine if medical services would also be provided at these facilities or if facilities will function solely as a residential housing, as such facilities are not currently licensed by LDH. To the extent Medicaid reimbursable services are provided at the facilities, additional Medicaid expenditures would be dependent on the number of patients, services provided, and reimbursement rates. LDH has indicated that residential housing is not Medicaid reimbursable. However, based on LDH's testimony in Senate Health and Welfare on 5/17/2017, the facilities would be modeled after a similar program in California, which provides Medicaid eligible services. To the extent that the facilities provide additional Medicaid eligible services, Medicaid payments will increase.

REVENUE EXPLANATION

LDH would generate a license application fee of \$600 per applicant, plus a bed fee and annual renewal fees. Total revenue generated depends on the number of providers seeking licensure.

Additionally, this measure provides that the facilities may be housed in state owned buildings, which may result in rent payments from the provider to LDH.

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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