

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 11** HLS 181ES 62
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 20, 2018 12:44 PM	Author: MCFARLAND
Dept./Agy.: LDH/Medicaid	Analyst: Shawn Hotstream
Subject: Copayments	

MEDICAID OR INCREASE GF EX See Note Page 1 of 2
 Provides for copayment requirements in the La. Medicaid program (Item #16)

Proposed law provides LDH shall establish a co-payment requirement in the Medicaid program for non-emergency services provided by a hospital emergency department for individuals with income in excess of 100% of the federal poverty level, subject to federal cost sharing regulations. Exemptions include individuals under 18, pregnant, has a disability, or are exempt under federal law. Co-payment amount can not exceed the maximum permitted under Medicaid regulations. Co-payment requirements for non emergency under this proposed law terminate effective January 1, 2021.

Proposed law provides LDH shall establish a co-payment requirement in the Medicaid program for all non preferred drugs as a condition for receiving the drug for certain individuals with incomes in excess of 100% of the federal poverty level. Proposed law provides that any savings as a result of implementation of such co-payment requirements will be reinvested in the Medicaid program by enhancing primary care provider rates or enhancing primary care access.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	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	INCREASE	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Any savings as a result of Emergency Room or pharmacy co-payment requirements are directed to be reinvested for enhancing primary care provider rates and access, resulting in a neutral Medicaid payment impact. However, LDH anticipates \$2 M in up front eligibility system upgrade costs to track recipient cost sharing eligibility and Medicaid cost sharing limits.

Emergency Room Co-pay: Based on FY 17 claims and encounter data provided by LDH, a max co-pay (\$8.00) for 159,971 low acuity level visits in the ER would result in approximately \$1.1 M in required co pays. This would be a payment savings to LDH as federal law (42 CFR 447.56(c) requires the health agency to reduce the payment it makes to a provider by the amount of a beneficiary's cost sharing obligation, regardless of whether the provider has collected the payment or waived the cost sharing. However, proposed law further prohibits LDH from reducing fee for service rates for any provider group or Per Member Per Month (PMPM) rates to managed care companies based solely on the imposition of a co-pay requirement. Therefore, to comply with both federal regulations 42 CFR 447.56 and provisions of proposed law, the fiscal note assumes co-pay amounts will first be reduced to providers, and such amounts will be directed back to the providers/MCO's, resulting in a neutral payment impact. However, proposed law does authorize the department to make appropriate adjustments to the calculation of the MCO PMPM's to account for projected recipient utilization trends as a result of implementing such co-pays. Potential PMPM savings will ultimately be estimated by LDH's rate actuary.

Note: Co pay requirements sunset January 1, 2021.

Pharmacy Co-pay: Proposed law establishes a co-payment requirement in the Medicaid program as a condition of receiving a non preferred drug for certain individuals with income above 100% of the Federal Poverty Level (FPL). Based on a co pay of \$4.50 for non-preferred drugs and 2017 pharmacy claim counts, LDH will save approximately \$1.6 M in annual payments. Proposed legislation provides any savings will be reinvested in the Medicaid program, resulting in a net neutral payment impact. Continued on page 2

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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CONTINUED EXPLANATION from page one:

Pharmacy calculation: Estimates based on recipients and non preferred drug claim counts for individuals subject to the new co pay of \$4.50 (less actual pharmacy co pays imposed in current law) for quarter of October-December 2017, multiplied by new co pay amount, and annualized.

Fee for Service annualized impact:	Recipients subject to co pay	Non preferred claim count	Actual paid co pays	Proposed Co pay	Quarterly Net Estimated Impact FFS	Annualized Impact
FFS	15,429	1,360	\$356	\$4.50	\$5,764	<u>\$23,056</u>

MCO subject to copay annualized impact:	Recipients subject to co-pay	Estimated new cost per member	1 quarter co pay impact	Annualized Impact
LHCC	224,548	.52	\$117,378	\$469,514
UHC	222,188	.52	\$116,144	\$464,579
Aetna	74,652	.52	\$39,023	\$156,092
AmeriHealth Caritas	111,197	.52	\$58,126	\$232,505
Healthy Blue	130,145	.52	\$68,031	\$272,124
				<u>\$1,594,815</u>
Total annualized impact				\$1,617,871

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