

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



Fiscal Note On: **HB 186** HLS 21RS 325

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 26, 2021	6:20 PM	<b>Author:</b> BACALA
<b>Dept./Agy.:</b> LDH/DCFS		<b>Analyst:</b> Shane Francis
<b>Subject:</b> Interagency agreements to offset Medicaid costs		

STATE AGENCIES

OR INCREASE GF EX See Note

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Provides for state agency partnerships to improve Medicaid administration and program integrity

Proposed law requires LDR and LDH to enter into cooperative endeavors such that LDH provide to LDR identifying information of each child enrolled in Medicaid and identifying information of the custodial parent or parents of each Medicaid-enrolled child. Statistical information would be presented to the legislature annually whilst containing no identifying information on any individual.

Proposed law provides that the agreements between DCFS and LDH provide for remittance between DCFS to LDH in connection with the case of each noncustodial parent of a child enrolled in Medicaid of either:

1) The maximum amount of child support and cash medical support payments if the amount is less than the state share of Medicaid for Medicaid-enrolled children of the noncustodial parent, or 2) an amount equal to the state share of Medicaid for Medicaid-enrolled children of the noncustodial parent.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$113,040	\$0	\$0	\$0	\$0	<b>\$113,040</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</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>	<b>\$113,040</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$113,040</b>

  

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$193,533	\$193,533	\$193,533	\$193,533	\$193,533	<b>\$967,665</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	(\$127,732)	(\$127,732)	(\$127,732)	(\$127,732)	(\$127,732)	<b>(\$638,660)</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$65,801</b>	<b>\$65,801</b>	<b>\$65,801</b>	<b>\$65,801</b>	<b>\$65,801</b>	<b>\$329,005</b>

**EXPENDITURE EXPLANATION**

The LA Department of Revenue (LDR) estimates an additional \$113,040 in one-time expenditures for computer system development, testing and tax form redesign; LDR does not collect dependent Social Security numbers from its paper returns. Additional indeterminate IT costs are anticipated to program and implement processes to begin capturing dependent Social Security Numbers from paper returns. An assessment will be made at the end of the session to assess the cumulative effect of all new legislation. It may be determined that additional resources are needed at that time.

Proposed legislation requires the LA Department of Health (LDH) to provide information to LDR on children in Medicaid and their custodial parents. However, LDH does not have information on custodial parents. Information on past and currently enrolled children can be shared by LDH to LDR without additional expense.

The Department of Children and Family Services (DCFS) does not anticipate any additional expenditures due to proposed legislation.

**REVENUE EXPLANATION**

LDH does not estimate additional revenue from new Medicaid offset payments referenced in proposed legislation. Incentive payments proposed to DCFS for expanded enforcement of present law do not overcome limitations in federal law which limit the collection of additional custodial parent data during a child's Medicaid enrollment. Medicaid is federally prohibited from collecting child support remittances; cash medical payments are permitted however.

DCFS estimates incentive payments (see next page \$193,533) will reduce reimbursable expenses under Title IV-D of the Social Security Act which is subject to a 66%/34% Federal Financial Participation rate. DCFS will observe a reduction in necessary state match expenditures equal to 34% of incentive payment received. As a function of incentives received for cash medical payments (due to legal prohibitions on remitting child support collections to Medicaid), this would result in a net increase of department revenue of \$65,801 per year, all else held equal.

Incentive payments to DCFS do not constitute a loss of revenue to LDH, as the latter ensures that the 15% in incentive payments in Proposed Legislation come from the federal share of medical support collections returned to CMS. As a result, these funds are from monies that LDH does not currently retain and would have no fiscal impact on LDH.

**REVENUE EXPLANATION CONTINUED ON PAGE TWO**

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input 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}

*Alan M. Boxberger*

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**CONTINUED EXPLANATION from page one:**  
**REVENUE EXPLANATION CONTINUED FROM PAGE ONE**

Cash medical payments became mandatory in May 2018; below are its historic collections, the proposed 15% incentive payment DCFS would receive, and the breakdown of that 15% into the foregone federal and state match. The first round of federal stimulus payments are reflected in FY 20 and FY 21 and DCFS considers these values outliers. When omitted, the average incentive fee collected would be \$193,533, and this reflects the annual expenditure amount that would not be submitted quarterly for Title IV-D reimbursement.

<u>Amount of Payments Collected by FY</u>	<u>15% Incentive</u>	<u>Federal Share</u>	<u>State Share</u>
FY 2018: \$1,153,575	\$173,036	\$114,204	\$58,832
FY 2019: \$1,426,862	\$214,029	\$141,259	\$72,770
FY 2020: \$2,620,625	\$393,094	\$259,442	\$133,652
FY 2021: \$1,586,261	\$237,939	\$157,040	\$80,899*

\* July 1, 2020 - Feb. 28, 2021

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}

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