

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



Fiscal Note On: **HB 251** HLS 13RS 667  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 29, 2013	5:13 PM	<b>Author:</b> TALBOT
<b>Dept./Agy.:</b> DHH Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Cost Containment		

MEDICAID OR DECREASE GF EX See Note Page 1 of 2  
 Requires DHH to institute Medicaid cost containment measures to the extent allowed by federal regulations

Proposed law requires the secretary of the Department of Health and Hospitals to develop and implement Medicaid policies that apply cost sharing to the maximum amount under the limit of federal law.

Proposed law further provides that the secretary of the department shall develop and implement medical assistance program policies that prohibit Medicaid reimbursement for any health care service delivered in an emergency room to a Medicaid enrollee under certain conditions, including the service is non-emergent, or if the enrollee has been treated in an emergency room for any health condition classified by the program as non emergent on three separate occasions within the past year.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$1,061,944	(\$7,023,242)	(\$7,023,242)	(\$7,023,242)	(\$7,023,242)	<b>(\$27,031,024)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$1,061,944	(\$11,953,577)	(\$11,953,577)	(\$11,953,577)	(\$11,953,577)	<b>(\$46,752,364)</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$2,123,888</b>	<b>(\$18,976,819)</b>	<b>(\$18,976,819)</b>	<b>(\$18,976,819)</b>	<b>(\$18,976,819)</b>	<b>(\$73,783,388)</b>
<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$2,702,942	\$2,702,942	\$2,702,942	\$2,702,942	<b>\$10,811,768</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>\$0</b>	<b>\$2,702,942</b>	<b>\$2,702,942</b>	<b>\$2,702,942</b>	<b>\$2,702,942</b>	<b>\$10,811,768</b>

**EXPENDITURE EXPLANATION**

Implementing Medicaid cost sharing and certain cost containment measures as authorized under federal regulation is anticipated to significantly decrease State General Fund expenditures in the Louisiana Medicaid program in FY 15 and future fiscal years. FY 14 expenditures are anticipated to increase due to one time costs associated with IT system upgrades to the Medicaid Fiscal Intermediary contract. Savings are the result of additional copayments for certain nonexempt Medicaid enrollees (excluding children and pregnant women), implementation of premium payments for certain Medicaid nonexempt enrollees (including pregnant women) in certain Medicaid programs, and an estimated reduction in emergency room reimbursement to hospitals due to payment denials for non emergent service delivery in the ER. ER payment denials are for a recipient's fourth and subsequent non-emergent ER visit within a 12 month period. Specific savings are reflected below.

**FY 15 (full year of implementation)**

**Reduction in hospital reimbursement**

- (\$1,788,212) - ER payment denials - Limitation on Medical coverage for certain non emergency services
- (\$4,055,534) - Inpatient Co Pay - reimbursement rate reduction to inpatient hospital providers
- (\$10,479,347) - Outpatient Co Pay - reimbursement rate reduction to outpatient providers
- (\$633,887) - Non Emergency ER Co Pay - reimbursement rate reduction to hospital providers

**Reduction in pharmacy reimbursement**

- (\$4,916,730) - Pharmacy Co Pay - reimbursement rate reduction to pharmacy providers
- (\$21,873,710) - Total FY 15 and recurring payment reduction to hospital and pharmacy providers
- \$2,896,891 - Recurring administrative expense (OGB contract increase and 2 DHH personnel)
- (\$18,976,819) - Net annual Medicaid expenditure savings

Note: Medicaid reimbursement is reduced by the level of copay implemented under this measure. It is assumed providers will be responsible for the assessment and collection of Medicaid copays.

Note: One time recurring expenditures are anticipated in FY 14 associated with changes to the Molina fiscal intermediary contract (\$2 M). Recurring administrative expenditures are anticipated as the department anticipates expanding the existing group benefits contract to handle premium billing and collection, **See page 2**

**REVENUE EXPLANATION**

Implementation of premium payments for certain Medicaid populations is anticipated to generate \$2,702,942 in FY 15 and future fiscal years. Information received from DHH indicates a \$15 monthly premium would be applied to 11,223 enrollees in nonexempt groups who receive full Medicaid benefits and a \$5 monthly premium would be applied to the 11,380 enrollees in the Family Planning program that receive limited benefits. Current Medicaid enrollees subject to premiums include family planning, various waiver recipients (including NOW waiver), pregnant women to 185% of the FPL, **continued on page 2**

- |  |  |              |
|--|--|--------------|
| <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) >= \$500,000 Annual Fiscal Cost {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} |              |

*John D. Carpenter*  
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**CONTINUED EXPLANATION from page one:**

**Expenditure Explanation: Continued**

and track when each enrollee has met the 5% cost sharing cap. Total cost sharing, including premiums and copays, can not exceed 5% of a family's income. This cost sharing cap will continuously be calculated within a given year to ensure the 5% limit is maintained, and enrollees are not charged in excess of federal limits.

\$2,123,887 - FY 14 one time expenditures associated with Molina (Fiscal Intermediary) IT system changes  
\$2,712,365 - FY 15 and recurring expenditures associated with increase to current Office of Group Benefits contract for billing, collection, and monitoring of cost sharing for certain Medicaid enrollees

The savings reflected in this note is based on a proposed Centers for Medicare and Medicaid (CMS) rule, and will require a final CMS rule and CMS state plan approval. To the extent the final rule changes from the proposed rule, the fiscal impact will change. The estimate is based on a July 1, 2014 implementation (FY 15), due to estimated time for state rule changes, and CMS approval of state plan changes.

Specific copay amounts include a single \$4 copay for outpatient services for populations below 100% of the FPL, and a percentage of the cost to Medicaid for outpatient cost for populations greater than 101%. Pharmacy copays amounts increase to flat rates of \$4 for generics and \$8 for branded drugs for populations less than 150% of the FPL, and \$4 for generics and 20% of Medicaid costs if greater than 150% of the FPL. Hospital copays are based on service costs, with an \$8 copay on non emergent ER visits.

**Revenue Explanation: Continued**

and Medically Needy program recipients. Total annual fees and self generated revenue collections are projected in the revenue table on page 1.

- |  |                            |  |
|--|----------------------------|--|
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| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}                  |                            | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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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