

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



Fiscal Note On: **SB 246** SLS 13RS 787

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 1, 2013 4:51 PM	<b>Author:</b> NEVERS
<b>Dept./Agy.:</b> DHH Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medicaid Expansion revenues	

FUNDS/FUNDING EG INCREASE SD RV See Note Page 1 of 1

Provides for the dedication of revenues realized from the expansion of health insurance coverage pursuant to the Affordable Care Act. (8/1/13)

Proposed law creates the Health Care Insurance Coverage Equity Fund. Proposed law further provides for monies that can be deposited into the fund, including any savings realized in uncompensated care cost payments and premium taxes on managed care plans.

Proposed law authorizes monies in the newly created fund to be used for future obligations of a Medicaid expansion, specifically for an expansion model utilizing a private insurance option that includes premium assistance and supplemental cost sharing in a health insurance marketplace.

<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.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</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.	SEE BELOW					
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Any monies deposited into this fund are required to be appropriated for future obligations of a Medicaid expansion that includes, but is not limited to, a private insurance option utilizing premium assistance and supplemental cost sharing subsidies in a Health Insurance Marketplace. The expansion referenced in this measure appears to be similar to the state of Arkansas expansion model proposed to the Centers for Medicare and Medicaid Services. It is assumed some level of additional SGF will be required, in addition to the funds deposited into the Health Care Insurance Coverage Equity Fund, to fully fund such an expansion model. This will depend on the number of individuals that will be eligible to enroll and rates established through a DHH waiver to the Centers for Medicare and Medicaid Services (CMS).

**REVENUE EXPLANATION**

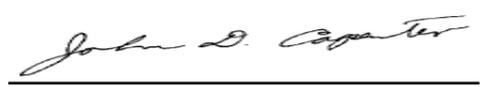
Proposed legislation creates the Health Care Insurance Coverage Equity Fund in the state treasury. Monies deposited into the fund include some level of State General Fund match associated with Disproportionate Share Hospital (DSH) payments for uncompensated care costs, any new premium tax proceeds collected on managed care companies, and any monies appropriated from the legislature.

R.S. 22:842 imposes a 2.25% premium tax on health insurance premiums (gross annual premiums) related to life, health and accident. Under this measure, any new premium tax revenues generated as a result of an acceptance of Medicaid expansion will be deposited into the newly created fund. The amount of funds generated is indeterminable, and will depend on the number of new Medicaid enrollees placed in the Bayou Health prepaid plans. Deposits to the fund can not occur unless the federal government gives approval for an expansion to the Louisiana Medicaid program.

Note: Every insurance company, including Medicaid managed care companies, are entitled to a corporate income tax offset (R.S. 47:227) in the amount of any premium taxes paid.

Note: There is currently \$225 M in SGF match for Disproportionate Share Hospital (DSH) payments appropriated for FY 14.

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

  
**John D. Carpenter**  
**Legislative Fiscal Officer**