

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 40** SLS 15RS 202
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject: Medicaid Expansion	

HEALTH CARE OR INCREASE SD EX See Note Page 1 of 1

Requires the Department of Health and Hospitals provide health care coverage with essential health benefits to every legal Louisiana resident whose household income is at or below 138% of the federal poverty level. (8/1/15)
 Proposed law requires DHH to provide health coverage with essential health benefits to every legal Louisiana resident whose household income is at or below 138% of the federal poverty level no later than January 1, 2016.

Proposed law authorizes DHH to make necessary plan amendments or waiver applications to access all federal funding available, including federal funds through the Patient Protection and Affordable Care Act, through a state plan amendment or a waiver application.

Proposed law authorizes the the department to consider the use of participant required premiums, participant required co-payments, participant required health accounts, and cost sharing for non emergency use of an emergency department.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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						

EXPENDITURE EXPLANATION

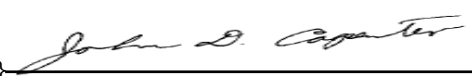
The fiscal impact of this legislation will depend on the type of expansion implemented by the Department of Health and Hospitals, which will impact the cost of services of eligible populations. However, the bill appears to prevent the use of State General Fund to be used for the state's responsibility of the program. To the extent an expansion would result in a net State General Fund (SGF) impact to the state, the fiscal note assumes a non SGF source would be used as state match, likely a statutory dedication revenue that is not a component of the State General Fund. The bill is silent on a specific source.

Although the department is authorized to implement a straight Medicaid expansion under this measure, it allows for a non traditional expansion program design. Certain cost sharing elements not contemplated in a straight expansion that are referenced in the bill are anticipated to impact the cost of services to eligibles. These include establishing enrollee premiums through monthly contributions to a health savings account as a condition of eligibility, implementation of co-payments, and enrollee cost sharing provisions related to non-emergency use of emergency rooms.

In addition to program design, other factors that would result in the overall fiscal impact include the rate at which eligible individuals enroll in Medicaid, the costs of services for eligible individuals, administrative costs, the impact of Disproportionate Share Hospital payments for uncompensated care costs needs, and the refinancing of current expenditures for certain limited benefit populations that are eligible for medicaid benefits under the expansion.

REVENUE EXPLANATION

To the extent all new enrollees would be placed in Bayou Health full risk plans, additional premium tax revenues are anticipated to be generated and deposited into the Medical Assistance Trust Fund (MATF). R.S. 22:842 imposes a 2.25% premium tax on insurance premiums (gross annual premiums) related to health.

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 John D. Carpenter Legislative Fiscal Officer
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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}		