

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 10** SLS 15RS 210
 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 GF EX See Note Page 1 of 1

Constitutional amendment to direct DHH to offer health insurance with essential health benefits to every legal resident of Louisiana whose income is at or below 138% of the federal poverty level. (2/3 - CA13s1(A))

Proposed Constitutional Amendment directs DHH, effective January 1, 2016, to administer a state program that makes available to every legal resident of this state whose income is at or below 138% of the federal poverty level access to health insurance with essential health benefits, as provided by federal law.

Proposed Constitutional Amendment provides that DHH shall make all necessary state Medicaid plan amendments or waiver applications to the federal government in order to access all federal funding available for the provision of health services, including but not limited to funds available through the Patient Protection and Affordable Care Act.

Proposed Constitutional Amendment provides for the submission of the amendment to the voters at the statewide election to be held on October 24, 2015.

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	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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>	<u>\$0</u>
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. Although the department is authorized to implement a straight Medicaid expansion under this measure, it allows for a non traditional expansion program design. DHH may expand Medicaid through a waiver and request CMS to waive certain Medicaid requirements for the expansion population. Similar to some other states, DHH could incorporate certain design elements of the program that would impact the cost of services of eligible populations. These include implementing cost sharing provisions (deductibles, co-payments) over what is currently allowed under Medicaid, establishing enrollee premiums, or changing benefit design (such as limiting wrap around benefits).

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.

The LFO has estimated the impact of a straight expansion beginning in January of 2016 (see HB 517). Based on the assumptions in the fiscal note, expanding Medicaid is anticipated to decrease State General Fund cumulative expenditures between \$102 M and \$165 M over 5 years. Net State General Fund costs are projected starting in FY 20, increasing in future fiscal years. Implementing Medicaid expansion under a waiver is anticipated to result in an indeterminable State General Fund impact, and will depend on the program design of 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}	