

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 89** HLS 161ES 190
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 25, 2016 9:12 AM	Author: STOKES
Dept./Agy.: DHH, Attorney General, Legislative Auditor	
Subject: Redirects allocation of Medical Assistance Program Fraud	Analyst: Willis Brewer

FUNDS/FUNDING EG SD EX See Note Page 1 of 1

Provides relative to allocation and uses of monies dedicated to the Medical Assistance Programs Fraud Detection Fund (Item #7)

Present law provides for the Medical Assistance Programs Fraud Detection Fund. All monies deposited into the fund result from civil awards granted or settlements related to medical fraud. Present law allocates 50% of the monies to the office of the attorney general and 50% to the Department of Health and Hospital. Proposed law revises present law to instruct the Department of Health and Hospitals to reimburse the Legislative Auditor for actual expenses incurred in connection with any fiscal, performance, or investigative audit pertaining to the identification, cost containment, and cost avoidance of fraud, waste, and abuse within the medical assistance program.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

It is anticipated that this measure will result in Department of Health and Hospitals (DHH) redirecting existing statutory dedication revenues to reimburse the Legislative Auditor (LLA) for a new expense related to managed care audits. DHH has been using these revenues from the Medical Assistance Programs Fraud Detection Fund to pay the salary of 11 employees for Program Integrity related activities. DHH has indicated they will use this source of revenue to pay for this new expense. However, this will cause a void in DHH's budget to continue the same level of service and DHH will have to receive or identify additional funding for these associated costs or will have to make budget cuts to this activity or another area in DHH.

DHH will retain the ability to draw down federal match funds since these audits conducted by LLA will be focused on the managed care program. This will not increase federal revenues for DHH because these statutory dedications were previously being used to draw down federal funds.

DHH estimates the first year auditor costs at \$804,689 and projects an annual increase of five percent. By FY 2021, DHH estimates the auditor costs at \$977,094. The Legislative Auditor estimates that there will be an annual cost ranging from \$735,000 (7,000 employee hours X \$105/hr = \$735,000) to \$840,000 (8,000 employee hours X \$105/hr = \$840,000) to carry out the intentions of the engrossed bill, but LLA does not believe these costs will grow by an annual percentage factor. On average, LLA forecasts the annual cost to conduct these audits at \$785,000. LLA has indicated that by performing these services, these expenses will be recouped by DHH through greater efficiencies and expenditure reductions.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| <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)(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} | |

Evan Brasseaux
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