

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 173** HLS 16RS 586
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 6, 2016 5:40 PM	Author: HAVARD
Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject: Cost containment	

MEDICAID OR GF EX See Note Page 1 of 2
 Requires cost sharing for certain Medicaid-covered services and dedicates revenues derived thereof

Proposed law provides that the department (DHH) shall establish cost sharing requirements in the Medicaid program, as authorized under federal rule, for non institutional care, including physician visits, and nonemergency services furnished in a hospital emergency room.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law authorizes DHH to impose cost sharing for for non emergency services furnished in a hospital emergency department and for non institutional care. Cost sharing requires certain Medicaid enrollees to make a contribution toward the cost of a Medicaid covered health service. The fiscal note anticipates a reduction in Medicaid expenditures by implementing copayments up to the maximum allowed (\$8) under federal regulation for non emergency services furnished in an emergency room, and copayments for non institutional care (outpatient care). Savings are generated as result of reducing payments to providers by the copayment amount paid by the enrollee to the provider (cost avoidance). Total payment savings from establishing copayments up to the maximum amount allowable on non emergency ER use and non institutional care is estimated to save approximately \$50.3 M in FY 17. See illustration A for ER copay estimate and Illustration B for outpatient copay/coinsurance estimate. Note: Although savings are anticipated, State General Fund savings are not reflected in the Expenditure table above as any cost avoidance (savings) as a result of this measure is redirected to the New Opportunities Waiver (NOW) Fund, to be used for additional wavier slot/services funding.

illustration A:
 2015 ER Visit Services for Non-Emergency Services

Low Acuity Level	ER visits	Copay	Cost avoidance
Level I	33,288	\$8	(\$266,304)
Level II	98,187	\$8	(\$785,496)
	131,475		(\$1,051,800)

See page 2

REVENUE EXPLANATION

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

- | | | |
|---|--|--------------|
| <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} | |

John D. Carpenter
Legislative Fiscal Officer

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 173** HLS 16RS 586
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 6, 2016 5:40 PM	Author: HAVARD
Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject: Cost containment	

CONTINUED EXPLANATION from page one:

Illustration B:
Non institutional care (Outpatient, Physician services, therapist services)

Non institutional care Copayment/Coinsurance Schedule:

	FPL	< 100%	101%-150% (11% of elig pop) (10% of what agency paid) for selected date of service	>150% (1% of eligible pop) (20% of what agency pays) for selected date of service
Unit of service		\$4		
11,518,204		(\$46,072,817)	(\$2,726,351)	(\$510,774)
Payments				
\$254,285,958				
Total cost avoidance (non institutional care)				(\$49,309,942)

Note: CMS rules provide that total premiums and cost sharing may not exceed an aggregate limit of 5% of a family's income. Additional administrative costs are anticipated which are associated with tracking each Medicaid beneficiaries incomes to ensure out of pocket costs do not exceed limits in federal law. DHH intends this administrative duty would be the responsibility of the Bayou Health plans. Additional administrative costs of an indeterminable amount would be incurred by the plans (until determined by the rate actuary), and reflected as an increase adjustment in managed care per member per month premiums. DHH anticipates a nominal increase in the PMPM for this new administrative function.

Senate Dual Referral Rules House

- | | |
|---|--|
| <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} |

John D. Carpenter
Legislative Fiscal Officer