

LEGISLATIVE FISCAL OFFICE
Fiscal Note

ACT 305

Fiscal Note On: **HB 662** HLS 16RS 1165

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:



Date: July 6, 2016	3:00 PM	Author: BARRAS
Dept./Agy.: DHH/Medicaid		Analyst: Shawn Hotstream
Subject:		

MEDICAID EN +\$2,497,957 SD RV See Note
Provides for a fee on emergency ground ambulance service providers

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Proposed law provides the Department of Health and Hospitals to establish a provider fee for emergency ground ambulance service providers.

Proposed law provides the fee shall not exceed the total cost to the state of providing the healthcare service subject to the fee. Proposed law provides that the fee in the initial state fiscal year shall not exceed the lesser of the following: a) state portion of the cost of the reimbursement enhancements attributable to payments to emergency providers, or 1.5% of the net operating revenue of all emergency ground ambulance service providers assessed. Except for the first year maximum fee of 1.5% of the net operating revenue, any proposed fee increase over 1.5% or new fee after July 1, 2016 can only be imposed under certain conditions (approval of fee amount by vote of 2/3rds of the elected members of each house while in regular session, or written agreement of those providers subject to the fee).

Proposed law provides any fee imposed shall be an allowable cost for the purpose of insurance or other 3rd party reimbursements and shall be included in the establishment of reimbursement rates. See page 2

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.	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$50,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$2,497,957	\$2,497,957	\$2,497,957	\$2,497,957	\$2,497,957	\$12,489,785
Federal Funds	\$4,130,901	\$4,130,901	\$4,130,901	\$4,130,901	\$4,130,901	\$20,654,505
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$6,638,858	\$6,638,858	\$6,638,858	\$6,638,858	\$6,638,858	\$33,194,290

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	\$2,497,957	\$2,497,957	\$2,497,957	\$2,497,957	\$2,497,957	\$12,489,785
Federal Funds	\$4,130,901	\$4,130,901	\$4,130,901	\$4,130,901	\$4,130,901	\$20,654,505
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$6,628,858	\$6,628,858	\$6,628,858	\$6,628,858	\$6,628,858	\$33,144,290

EXPENDITURE EXPLANATION

First, this measure sets a rate floor relative to emergency ground ambulance service provider reimbursement. The rate floor is set based on the rates in place July 1, 2015. This rate floor does not result in additional payments, as the department indicates the rates currently in effect are the same as those in effect on July 1, 2015.

Second, this measure will result in additional Medicaid payments as the bill provides for rate increases through enhancements (supplemental Medicaid payments). The state match associated with the enhanced payments are provided by the provider fees generated in the bill. Enhanced payments represent reimbursement to providers over and above the current rate structure for such providers. The enhanced reimbursement level is defined under this measure as the difference in the rates in effect as of July 1, 2015 (current rate) and the average commercial rate level (amount payable by commercial payors for the same services). Enhancement payments in FY 17 are projected to be approximately \$6.6 M (reflected in the expenditure table above), which would be comprised of \$2.5 M statutory dedication used as state match and \$4.1 M federal match.

Additionally, DHH anticipates \$20,000 (\$10,000 SGF and \$10,000 federal match) in additional contract administrative costs associated with cost reporting and fee calculations.

REVENUE EXPLANATION

Proposed law provides for the implementation of a provider fee on certain emergency ground ambulance service providers, and establishes a fee cap of 1.5% of net operating revenue on such providers for the first year (FY 17). Proposed provider fee is anticipated to generate approximately \$2.5 M in statutory dedication revenues in FY 17. These revenues are anticipated to be used as a state match source to draw federal financial participation for supplemental Medicaid expenditures in the Medicaid program. Future fees can be assessed under certain conditions, and are contingent upon either a two thirds vote of the legislature, or a written agreement of 65% of the providers subject to the fee. Future fees appear to be capped at 3.5% under certain conditions. Any revenues generated from the fee are required to be deposited into the Emergency Ground Ambulance Service Provider Trust Fund Account within the Medical Assistance Trust Fund (MATF) in the treasury.

Senate Dual Referral Rules House

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|--|--|
| <input checked="" 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 checked="" 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} |

Gregory V. Albrecht
Chief Economist

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CONTINUED EXPLANATION from page one:

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Proposed law requires the treasurer to deposit the fees collected into the Emergency Ground Ambulance Service Provider Trust Fund Account within the Louisiana Medical Assistance Trust Fund.

Proposed law provides that future fees, if assessed, can not exceed three and one half percent.

Proposed law provides establishes a rate floor, by providing for a level of reimbursement at or above rates at the level which were in effect on July 1, 2015 for emergency transport and related services. Additionally, proposed law provides for rate enhancements through supplemental Medicaid payments. Enhancements will remain in effect for each year in which the assessment is in effect.

Proposed law defines an emergency ground ambulance service provider as a private, for profit, nonpublic, nonfederal provider of emergency ground ambulance service that is contracted with a unit of local or parish government of Louisiana for the provision of 911 emergency ground ambulance transportation on a regular 24 hour per day and 7 days a week basis.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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