

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 139** HLS 17RS 520
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 15, 2017 4:02 PM	Author: MCFARLAND
Dept./Agy.: Legislature	Analyst: Willis Brewer
Subject: Contracts	

PUBLIC CONTRACTS EG SEE FISC NOTE GF EX Page 1 of 1

Requires prior actions of the Joint Legislative Committee on the Budget (JLCB) for certain requests for proposals (RFPs) and contracts over \$50 million. Prohibits the state from entering into agreements for the operation of hospitals under the Proposed law requires prior review and approval of the JLCB of RFPs for professional, personal, consulting, or social services contracts of more than \$50 million. Proposed law requires prior review, but not approval, by the JLCB of RFPs for professional, personal, or consulting services contracts of more than \$50 million which must be approved by the U.S. Dept. of Health and Human Services, Centers for Medicare and Medicaid Services (CMS). Proposed law prohibits the entering into of any professional, personal, consulting, or social services contract with a total maximum compensation of \$50 million after Aug. 1, 2017, unless it has been reviewed and approved by the JLCB. Proposed law prohibits dividing or separating RFPs or contracts to circumvent the requirements of proposed law. Requires review and approval of the JLCB of any subsequent or amended contract with the same party for the same purpose as the existing contract which causes payment to the party to exceed \$50 million. Proposed law prohibits the state from entering into or extending any cooperative endeavor agreement, memorandum of understanding, contract, or any other type of agreement with any person or entity to lease or operate a hospital for which a Louisiana State University Health Sciences Center is responsible pursuant to present law, unless the agreement or extension has been reviewed and approved by the JLCB. Effective upon signature of governor or lapse of time for gubernatorial action.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	\$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	2017-18	2018-19	2019-20	2020-21	2021-22	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	<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

To the extent this bill results in additional legislative committee hearings by the JLCB, it would cost \$7,488 per day for 48 members to attend meetings if they are held on a day when the JLCB is not meeting. Members would also be entitled to mileage reimbursement, which is currently \$.54 per mile. However, such costs could be eliminated if these hearings coincide with a scheduled JLCB meeting, which typically meets at least monthly.

According to the Division of Administration (DOA), there are approximately 6 contracts of \$50 M or more approved each fiscal year. Approximately half (3 per year) are from agencies within the DOA (Office of Group Benefits, Office of Risk Management and Office of Technology Services). Therefore, the fiscal impact to the Office of State Procurement should be minimal and absorbable. However, the fiscal impact to agencies would occur if the provisions of the proposed legislation delays or impairs an agency's ability to contractually procure an emergency need in a crisis.

Proposed law prohibits the state from entering or extending any agreement with any entity to lease or operate a Louisiana State University Health Science Center hospital. Currently, LSU has agreements with six entities to operate their hospitals including Biomedical Research Foundation (HSC Shreveport and EA Conway), CHRISTUS Health Central (Huey P. Long Medical Center), Our Lady of the Lake (Earl K. Long Medical Center), University Hospitals and Clinic and Lafayette General (University Medical Center Lafayette), Southern Regional Medical Corporation (Chabert Medical Center), and Children's Hospital (Medical Center New Orleans). The LFO has requested additional information from LSU on the total number of agreements this may impact.

REVENUE EXPLANATION

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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