

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 397** HLS 17RS 1124  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 16, 2017 3:03 PM	<b>Author:</b> EDMONDS
<b>Dept./Agy.:</b> LDH/Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medical Assistance Programs Fraud Detection Fund	

MEDICAID EG INCREASE GF EX See Note Page 1 of 1  
 Provides relative to the Medical Assistance Programs Fraud Detection Fund

Current law provides that all monies received by the state pursuant to certain civil awards granted or certain settlements shall be deposited into the Medical Assistance Programs Fraud Detection Fund within the treasury. Fifty percent (50%) of the monies collected and deposited into the fund shall be allocated to the Medicaid Fraud Control Unit within the office of the attorney general, and fifty percent (50%) of the monies collected and deposited into the fund shall be allocated to the Louisiana Department of Health to be used solely for Medicaid fraud detection.

Proposed law no longer requires an equal distribution of monies from the Medical Assistance Programs Fraud Detection Fund to be allocated between the two agencies, but allows the respective agency that generates the revenues deposited into the fund in the treasury to retain all such revenues. This measure shall become effective on July 1, 2018.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Based on recent history of revenues generated and deposited into the Medical Assistance Programs Fraud Detection Fund, proposed legislation is anticipated to result in a distribution of revenues from the fund allocated solely to the Attorney General in FY 19. This would result in an additional funding need within LDH to cover the costs associated with program fraud, as revenues from the fund are currently budgeted in LDH in HB 1 Re-engrossed. Proposed legislation eliminates current law requiring equitable distribution of monies from the Medical Assistance Programs Fraud Detection Fund between the AG and LDH, and replaces the current allocation with a distribution methodology where money collected by the AG (fraud related) remains with the AG and money collected by LDH (fraud related) remains with LDH. Information provided by the Louisiana Department of Health indicates the department has not generated revenues for deposit into the fund in 3 years.

Based on HB 1 Re-engrossed, LDH is currently budgeted \$3.3 M for fraud and program integrity activities (of which \$2.3 is budgeted from the Fraud Detection Fund). To the extent Medical Assistance Programs Fraud Detection Fund statutory dedication revenues would not be allocated to LDH in FY 19, the department would need an alternative revenue source to maintain activities related to this function, or redirect monies from within Medical Vendor Administration and the Office of the Secretary to cover these costs. Note: Title 42 of the Code of Federal Regulations, 455.1 sets forth requirements for states related to the identification, investigation, and referral of suspected fraud and abuse.

LDH Medical Vendor Administration (MVA) has budgeted \$1.05 M in FY 18 from the Fraud Detection Fund (matched at 50%), for total funding of \$2.1 M allocated for 18 Program Integrity staff and operations associated with fraud, waste, and abuse detection and prevention. Additionally, the Office of the Secretary is budgeted \$1.2 M from the Fraud Detection Fund in FY 18, for salaries (\$1.1 M) associated with 9 internal auditors and 4 attorneys, and operating expenses/contracts (\$156,576) for program related activities.

**REVENUE EXPLANATION**

Reductions in appropriations in Medical Vendor Administration related to fraud detection and prevention would result in a equal loss of federal matching funds, as such funds are matched at 50%

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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