

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 2** HLS 181ES 54
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 21, 2018 4:22 PM	Author: BACALA
Dept./Agy.: Depts. of Health, Justice, and Revenue/Legislative Auditor	Analyst: Zachary Rau
Subject: Medicaid Eligibility Determination; fraud detection/prevention	

MEDICAID OR INCREASE GF EX See Note Page 1 of 2
 Provides for Medicaid eligibility determination functions and Medicaid fraud detection and prevention (Items #14 and 15)

Proposed law allows the LA Dept. of Health (LDH) to use state tax return information including, but not limited to, income when determining initial and continued eligibility. Proposed law requires LDH to enter into a memorandum of understanding, cooperative endeavor agreement, or any other type of agreement with the LA Dept. of Revenue (LDR) to facilitate mutual data sharing for the purpose of proposed law. Proposed law requires LDH to ensure self-attested income of Medicaid applicants/enrollees does not exceed their electronically reported income by more than 10%. Proposed law authorizes LDR to disclose individual state-level income tax return data to the LA Legislative Auditor (LLA) or LDH for the purposes of ensuring accuracy of Medicaid eligibility determinations, detecting/preventing fraud, and/or fulfilling the requirements of present law regarding Medicaid program integrity. Proposed law authorizes LDR to enter into a memorandum of understanding, cooperative endeavor agreement, or any other type of agreement with the LA Dept. of Health (LDH) to facilitate mutual data sharing for the purpose of proposed law. Proposed law retains present law regarding the LLA and allows them access to individual-level state tax return data in accordance with the purposes of proposed law. Proposed law adds duties to the LDH Ofc. of the Secretary relative to taking necessary actions in ensuring accuracy in Medicaid eligibility determinations. (gov. sig)

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will increase SGF and federal funds expenditures for the LA Dept. of Health (LDH), SGF expenditures for the LA Dept. of Revenue (LDR), and the LA Legislative Auditor (LLA) beginning in FY 19 and in subsequent fiscal years.

LA Dept. of Health

LDH, Medical Vendor Administration (MVA) reports a need for 15 new T.O. positions and associated resources for salaries and benefits, as well as resources for initial and ongoing operational costs totaling approximately \$1.05 M. LDH reports a need for expanded Medicaid eligibility field staff to maintain the current reported average processing time of 30 days for new Medicaid applications and ongoing renewals due to an anticipated increase of approximately 2,500 applications/renewals per month that will require review pursuant to the the new reasonable compatibility standard of 10%. Based upon information obtained from LDH, all expenditures are eligible for 75/25 federal-to-state match.

LDH's reported cost breakdown is as follows: 13 Medicaid analysts - \$791,135 salary & related benefits, recurring; 2 Medicaid Analyst Supervisors - \$181,554 salary and related benefits, annually recurring; 15 computers and monitors - \$11,880 one-time; 2 mainframe printers - \$900 one-time; rented office space - \$17,730 annually recurring (Capitol Park - Bienville Building); office supplies and telecommunication services - \$7,500 annually recurring; Systems task order to update the Reasonable Compatibility Table in LaMEDS - \$1,163 one-time; Mailing costs for additional notices to applicants - \$41,107 annually recurring.

The need for 15 additional T.O. positions may be partially or wholly mitigated by reallocating and utilizing a portion of funded vacancies presently in MVA's budget. LDH staff report 60 funded vacancies within MVA as of 14 February 2018, which may reduce the need for additional positions and their associated resources. However, to the extent MVA is not able to absorb the additional positions within its current vacancies and resources, additional positions and appropriations may be necessary. Furthermore, MVA will likely require additional resources to fund startup and ongoing operational costs for the expanded Medicaid field staff, including office equipment, furniture, rental space, telecommunications service, and mailing costs for additional notices. These costs total approximately \$80,300 in FY 19 and approximately \$67,500 in subsequent fiscal years.

Lastly, LDH was unable to give a cost estimate on the development of a system to interface with LDR for the purpose of verifying income through the use of state tax return data, although it can reasonably be assumed that this will require an increase of resources which would be also be subject to the 75/25 federal-to-state match. **(Expenditure Explanation cont. on Page 2)**

REVENUE EXPLANATION

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

Senate
 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}

Evan Brasseaux
Evan Brasseaux
Staff Director

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 2** HLS 181ES 54
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: February 21, 2018 4:22 PM **Author:** BACALA
Dept./Agy.: Depts. of Health, Justice, and Revenue/Legislative Auditor
Subject: Medicaid Eligibility Determination; fraud detection/prevention **Analyst:** Zachary Rau

CONTINUED EXPLANATION from page one:

(Expenditure Explanation cont. from Page 1)

LA Dept. of Revenue

The LA Dept. of Revenue (LDR) reports anticipated SGF expenditure increases of approximately \$165,100 in FY 19 and \$140,000 in FY 20 and subsequent fiscal years associated with the proposed legislation. A portion of LDR's expenditures are associated with a one-time cost of approximately \$25,700 to design, develop, and test a system to share data with LDH. The remaining \$139,400 in FY 19 to fund 2 T.O. positions for revenue tax specialists who will administer the data collection and sharing with LDH with salary and benefits totaling approximately \$69,708 per position in FY 19 and \$70,000 per positions in subsequent fiscal years. However, the need for 2 additional T.O. positions may be partially or wholly mitigated by reallocating and utilizing a portion of funded vacancies presently in LDR's budget. LDR presently has 66 funded vacancies, which may reduce their need for additional positions and resources.

LA Legislative Auditor

The LA Legislative Auditor (LLA) reports that the proposed legislation will not result in any additional savings or expenditures, and that the proposed law will provide them with tools to carry out requirements of the Medical Assistant Programs Integrity Law. However, based upon information received from LDR and LDH regarding the design, development, and testing of a mechanism to share data associated with state tax returns, the LLA may incur some similar cost. To the extent the LLA is not able to absorb any potential costs associated with such a system, the agency may require an additional SGF appropriation for that purpose.

Note on Expenditure Reductions & Cost Avoidance

Adjusting the reasonable compatibility standard for Medicaid renewals and applications from 25% to 10% may result in some indeterminable expenditure reductions/avoidance of cost for Medical Vendor Payments (MVP) to the extent persons currently enrolled in Medicaid and new applicants are determined ineligible as a result of the new standard. The extent of the expenditure reduction/cost avoidance from persons ruled ineligible for Medicaid is indeterminable because it is dependent on the types of services a person receives, as well as if they are enrolled in a Managed Care plan.

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}

Evan Brasseaux
Evan Brasseaux
Staff Director