

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 204** HLS 19RS 509

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|-----------------------------|
| Date: May 3, 2019 | 1:00 PM | Author: PIERRE |
| Dept./Agy.: LA Dept. of Health | | Analyst: Zachary Rau |
| Subject: Nonemergency Ground Ambulance Provider Fees | | |

MEDICAID EG INCREASE SD RV See Note Page 1 of 1
Provides relative to Medicaid provider fees assessed on nonpublic providers of emergency ground ambulance services

Present law authorizes the LA Dept. of Health (LDH) to impose provider fees on Medicaid-funded emergency ground ambulance service providers, and provides for the disposition of these fees. Present law further allows LDH to collect a provider fee on all emergency ground ambulance service transports for all providers of such services when certain conditions are met. Proposed law expands present law by adding nonemergency ground ambulance transports as a service for which emergency ground ambulance providers may be assessed provider fees. Proposed law adds references to nonemergency ground ambulance transportation services to the provisions of present law: provisions relative to provider fees; provisions relative to reimbursement enhancements; provisions relative to the use of funds from the Emergency Ground Ambulance Service Provider Trust Fund within the Medical Assistance Trust Fund.

| EXPENDITURES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| 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 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| 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 | | | | | | |

EXPENDITURE EXPLANATION

Proposed law will increase Medicaid expenditures of federal funds and revenues from the constitutionally dedicated Medical Assistance Trust Fund (MATF) by an indeterminable amount in FY 20 and subsequent fiscal years. Based on current law, any revenues generated through the emergency ground ambulance provider fee are used as a state match source for ambulance provider rate enhancements. Proposed law adds non-emergency ambulance services to the emergency ground ambulance provider assessment and allows for provider rate enhancements in the form of Medicaid supplemental payments for non-emergency services.

The actual expenditure increase is dependent upon the supplemental payment reimbursement methodology and revenues raised from the assessment. For illustrative purposes, to determine a potential expenditure impact associated with proposed law, LDH performed an analysis on the number of non-emergency ambulance trips in a given fiscal year, the number of miles for those trips, and the amounts paid by Medicaid to providers. LDH then compared the actual Medicaid payments to commercial non-emergency ground ambulance rates to determine the gap between Medicaid payments and the commercial rate, which totals approximately \$13.31 M. LDH then subjected the \$13.31 M to the 33%/67% match rate for ambulance services, which yielded a state payment amount of \$4.47 M (33% * \$13.31 M) and a federal match amount of \$8.84 (67% * \$13.31 M).

REVENUE EXPLANATION

Proposed law will increase provider tax revenues by an indeterminable amount beginning in FY 20 and in subsequent fiscal years. The proposed legislation allows LDH to assess provider taxes on non-emergency ground ambulance services provided by emergency ground ambulance providers and to provide for rate enhancements in the form of Medicaid supplemental payments. Presently provider taxes are only assessed on emergency ground ambulance services, and may be taxed up to the maximum allowable assessment by federal regulation as determined by the LA Dept. of Health (LDH). Currently the maximum allowable assessment is 6% on net operating revenues as set by 42 CFR 433.68(f)(3). However, LDH does not presently have access to data for net operating revenues associated with non-emergency ground ambulance services, therefore the exact revenue increase is indeterminable. Revenues will be deposited in the constitutionally dedicated Medical Assistance Trust Fund (MATF). Furthermore the revenues are anticipated to be used as a match source for the LDH, Medical Vendor Payments (MVP) to draw down federal matching funds beginning in FY 20 and in subsequent fiscal years. For reference, the federal match rate associated with ground ambulance services is 33% state and 67% federal.

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
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Staff Director