

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 373** HLS 19RS 703
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 30, 2019	12:30 PM	Author: THOMAS
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: ICF rates		

HEALTH CARE/FACILITIES EG1 +\$894,496 GF EX See Note Page 1 of 1

Provides for calculation of Medicaid per diem rates for certain intermediate care facilities for people with developmental disabilities

Proposed law requires the Louisiana Department of Health to establish a four-bed peer group for ICF/DD facilities for the purpose of per diem reimbursement. The department shall file a state plan amendment with the Centers for Medicare and Medicaid (CMS) amending the Medicaid state plan as necessary to establish a four-bed peer group for ICF/DD facility rate calculation. The approved reimbursement methodology provides that facilities shall receive a fair allocation of the Medicaid share of facility-specific costs directly incurred by such facilities, and that payment of such costs shall be made retroactive to the earliest date allowed by law.

Proposed law provides that subject to appropriation by the legislature, any four bed peer group , as determined by R.S. 40:2180.6, shall be further rebased as a 4 bed intermediate care facility for the developmentally disabled on July 1, 2020.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$894,496	\$894,496	\$894,496	\$894,496	\$3,577,984
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$1,767,694	\$1,767,694	\$1,767,694	\$1,767,694	\$7,070,776
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$2,662,190	\$2,662,190	\$2,662,190	\$2,662,190	\$10,648,760

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	\$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

Reclassifying existing ICF/DD provider peer groups for the purposes of calculating Medicaid reimbursement is projected to result in \$2.6 M in additional Medicaid expenditures in FY 21 and future fiscal years. Under the current Louisiana Medicaid State Plan, ICF/DD group homes/facilities are grouped by the number of beds (peer group classification). Provider peer group classifications are 1-8 beds, 9-15 beds, 16-32 beds, and 33 or more beds. This measure carves out beds from the 1 to 8 peer group, resulting in a 1 to 4 peer group classification, and a 5 to 8 bed peer group. Based on the current reimbursement methodology, creating a new 1-4 bed peer group is anticipated to result in a higher per diem rate for such ICF providers.

The estimated annual impact of this measure is based on the following calculations and assumptions:

- 15 homes reclassified as 1-4 bed group homes (currently in the 1-8 peer group)
- Existing payment methodology applied to peer group
- Assume per diem change effective for full year in FY 20

1-4 Bed Provider	Acuity Level	Resident Count	Current Rate	Projected New Rate	Rate Increase	Medicaid Days	Cost Increase
1-4 bed	Intermediate	13	\$158.89	\$258.05	\$99.16	4,745	\$470,514
1-4 bed	Limited	19	\$167.83	\$277.58	\$109.75	6,935	\$761,116
1-4 bed	Extensive	10	\$183.05	\$310.78	\$127.73	3,650	\$466,215
1-4 bed	Pervasive	18	\$199.15	\$345.93	\$146.78	6,570	\$964,345
TOTAL		60				21,900	\$2,662,190

REVENUE EXPLANATION

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

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input 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}

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