

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



Fiscal Note On: **HB 324** HLS 20RS 96  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 4, 2020	12:19 PM	<b>Author:</b> ECHOLS
<b>Dept./Agy.:</b> LDH/Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medicaid reimbursement		

MEDICAID OR +\$65,398,811 GF EX See Note Page 1 of 1  
 Sets standards for Medicaid reimbursement rates for primary care services

Proposed law provides that certain primary care providers receive Medicaid reimbursement rates at least equal to the provider reimbursement rates paid by Medicare for primary care services. The primary care provider types include physicians, physician assistants, and advanced practice registered nurses.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$65,398,811	\$174,449,070	\$186,660,505	\$199,726,741	\$213,707,613	<b>\$839,942,740</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$202,374,416	\$535,296,345	\$572,767,090	\$612,860,786	\$655,761,041	<b>\$2,579,059,678</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$267,773,227</b>	<b>\$709,745,415</b>	<b>\$759,427,595</b>	<b>\$812,587,527</b>	<b>\$869,468,654</b>	<b>\$3,419,002,418</b>

  

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</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	\$0	\$0	\$0	\$0	\$0	<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**

This measure is anticipated to significantly increase Medicaid costs as a result of re-pricing Medicaid claims at the Medicare fee schedule for Medicaid primary care services. Projected expenditures reflected in the expenditure table above are based on the difference in the current Medicaid reimbursement rates paid by Louisiana Medicaid for certain primary care services and the amount that Medicare would reimburse for such services. Included in the impact is a projected 7% utilization increase. Assumptions and calculations are reflected below.

1. Calculation based on both Fee for Service and managed care encounters (approximately 3.4 M in 2019)
2. Assumes 6 months of impact in FY 21 (rate increase begins in January 2021). Annualize impact in out-years
3. Rate increases for certain Medicaid services provided by the following primary care providers: physicians with a specialty in General practice, Family practice, Internal Medicine, OB/GYN's, Pediatrics, physician assistants, Advanced practice registered nurses (which include nurse practitioners, certified nurse midwives, and clinical nurse specialist), and physician assistants)
4. Claim comparison between rate paid from Louisiana Medicaid and Medicare fee schedule for similar services. Excludes inpatient claims (claims from offices or outpatient claims only)
5. Projected 7% utilization increase annually
6. State match does not assume the temporary enhanced federal match (6.2%) authorized in the Families First Act

Note: The impact above reflects the direct cost attributable to enhanced provider rates. To the extent this measure would result in a decrease in emergency room utilization or a reduction in higher acuity care (inpatient services) as a result of increased primary care access, the department could realize a cost avoidance in future fiscal years. Any potential Medicaid savings associated with reductions in emergency room or inpatient costs under this measure is not assumed by the department.

**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*  
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