

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 35** HLS 202ES 93
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: October 6, 2020 8:58 AM **Author:** ECHOLS
Dept./Agy.: LDH/Medicaid **Analyst:** Shawn Hotstream
Subject: non emergency medical transportation

TRANSPORTATION OR INCREASE GF EX See Note Page 1 of 1

Authorizes transportation network companies to provide nonemergency medical transportation services through the state Medicaid program and all other publicly and privately issued health insurance plans (Item #32)

Proposed law provides that any transportation network company may connect a driver to a rider for the purpose of providing nonemergency medical transportation services within the state through the Louisiana Medicaid program, a Medicare plan, a Medicare supplement plan, a Medicare Advantage plan, or any other type of publicly or privately issued insurance. The Louisiana Department of Health shall not require any driver affiliated with a transportation network company to enroll as a nonemergency medical transportation provider in the Louisiana Medicaid program in order for any nonemergency medical transportation services provided to Medicaid enrollees by the driver to be eligible for Medicaid reimbursement. Proposed law provides that LDH may require a transportation network company to be under contract with a transportation broker that contracts with LDH or an MCO. Ambulances, emergency medical response vehicles, and EMS practitioners shall not be used for the purpose of providing nonemergency medical transportation. Proposed law provides that LDH promulgate rules for implementation by March 1, 2021.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	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	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase Medicaid expenditures in FY 22 and future fiscal years as the result of adding a new provider type (transportation network companies) that may provide nonemergency medical transportation (NEMT) to Medicaid enrollees. This measure authorizes additional transport service providers to be reimbursed by Medicaid. The fiscal impact below reflects new Medicaid costs associated with an increase in NEMT utilization as a result of increased access to these services. LDH indicates transportation network companies that would be eligible for Medicaid reimbursement include companies such as Uber and Lyft. The assumptions and calculations are reflected below.

1. Base year number of trips (2019) - 1,783,212
2. Projected increase based on utilization increase in nonemergency medical transportation services
3. 10% increase in year 1, 3% increase in year 2, 1% in FY 23 through FY 2025
4. Average of \$15 charged per ride, \$30 round trip (based on Arizona Medicaid transportation model)
5. Estimated utilization increase could be overstated due to the prevalence of COVID
6. Fiscal note assumes FY 22 implementation date (rules promulgated by March 2021)

Fiscal year	% increase in trips	Total projected cost @ \$30 a trip
FY 22	178,321	\$5,349,636
FY 23	183,671	\$5,510,125
FY 24	185,508	\$5,565,226
FY 25	187,363	\$5,620,879

Note: Reductions in missed primary care visits and increased access could result in an indeterminable savings in Medicaid under this measure. To the extent emergency care or inpatient hospitalizations would be reduced as a result of increased NEMT access for chronic disease patients, Louisiana Medicaid could realize savings, however, savings are unknown and not quantifiable. The LFO has requested the department inquire with Mercer (LDH rate actuary) if an efficiency measure (savings offset) would be considered when determining the actuarial impact on the per member per month capitation rate.

REVENUE EXPLANATION

To the extent managed care per member per month capitation rates increase as a result of this measure, premium tax revenues generated would increase. The MCO premium tax is 5.5% of total premiums.

<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}

Christopher A. Keaton
Legislative Fiscal Officer