



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

Fiscal Note On: **HB 598** HLS 21RS 964  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 4, 2021	5:18 PM	<b>Author:</b> GREEN
<b>Dept./Agy.:</b> LDH/Medicaid		
<b>Subject:</b> Medicaid waiver		<b>Analyst:</b> Shawn Hotstream

MENTAL HEALTH OR -\$3,274,253 GF EX See Note Page 1 of 1  
 Requires the La. Department of Health to apply for a Medicaid demonstration waiver to support and improve the delivery of inpatient mental health services  
 Proposed law requires the Louisiana Department of Health to submit a section 1115 demonstration waiver to the Centers for Medicare and Medicaid Services (CMS) that provides Medicaid reimbursement for inpatient treatment of serious mental illness in hospitals and psychiatric facilities.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$3,274,253)	\$4,245,453	\$4,245,453	\$4,245,453	\$4,245,453	\$13,707,559
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$842,838	\$2,247,568	\$2,247,568	\$2,247,568	\$2,247,568	\$9,833,110
Federal Funds	\$22,863,855	\$34,371,858	\$34,371,858	\$34,371,858	\$34,371,858	\$160,351,287
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$20,432,440</b>	<b>\$40,864,879</b>	<b>\$40,864,879</b>	<b>\$40,864,879</b>	<b>\$40,864,879</b>	<b>\$183,891,956</b>

  

<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$842,838	\$2,247,568	\$2,247,568	\$2,247,568	\$2,247,568	\$9,833,110
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$842,838</b>	<b>\$2,247,568</b>	<b>\$2,247,568</b>	<b>\$2,247,568</b>	<b>\$2,247,568</b>	<b>\$9,833,110</b>

**EXPENDITURE EXPLANATION**

Implementation of an 1115 waiver that authorizes a program that provides Medicaid reimbursement for inpatient treatment of serious mental illness in hospitals and psychiatric facilities will result in a net state general fund savings of approximately \$3.3 M in FY 22, but a significant increase in State General Fund resources by approximately \$4.2 M in FY 23 and future fiscal years. Information provided by LDH indicates approval of the program will authorize federal matching funds for mental health services provided to recipients in a mental health institute for mental disease (IMD's) for services in excess of 15 days in a given month. LDH currently reimburses for these services with 100% state general funds. However, LDH further indicates that if the waiver authorizes Medicaid reimbursement for services in excess of 15 days, then additional MH crisis services will have to be provided over and above what LDH is currently offering, including MH intensive outpatient services and case management services. The new costs associated with these services will net against any savings for refinancing inpatient treatment services over 15 days. The assumptions are provided below.

1. LDH currently reimburses IMD's with 100% state general funds (approximately \$12.9 M) for services/stays over 15 days in a given month.
2. Assumes 1115 waiver approval, resulting in approximately 70% federal match on current spending (\$9.2 M savings in FY 22, \$8.8 M in FY 23 and future fiscal years)
3. Assumes additional crisis services and intensive outpatient treatment services will be required to be offered under a waiver, six months of services in FY 22 and annualized in out-years
4. SGF costs associated with new services (\$5.9 M in FY 22, \$13.1 M in FY 23 and future fiscal years)
5. Mental health intensive hospital rate is estimated to be \$172.12 per day. Crisis services average daily treatment rate is estimated to be \$546.32.
6. Net SGF savings in FY 22, net out-year SGF cost increases to Medicaid.
7. Administrative costs and personnel costs to track and monitor waiver cost neutrality.

**REVENUE EXPLANATION**

Monies in the revenue table above reflect the 5.5% premium tax collected and deposited into the Medical Assistance Trust Fund (MATF) on new spending in managed care associated with the new mental health services.

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}

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