

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



Fiscal Note On: **HB 668** HLS 14RS 1325  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 31, 2014 11:59 AM	<b>Author:</b> SIMON
<b>Dept./Agy.:</b> DHH/Medicaid	
<b>Subject:</b> Electronic Visit Verification	<b>Analyst:</b> Shawn Hotstream

HEALTH/HOME CARE OR See Note Page 1 of 1  
 Provides for electronic visit verification for long-term care services delivered in home- and community-based settings

Proposed law requires the Department of Health and Hospitals to implement an electronic visit verification system for all long-term care services (as defined in R.S. 40:1300.322) funded through Medicaid.

Proposed law provides for features of the electronic system, which include but are not limited to 1) functional capacity, 2) billing integration, 3) data sharing, 4) data storage and security, 5) Electronic reporting, 6) and disaster recovery plans and procedures that comply with certain federal guidelines.

Proposed law provides that the department may implement such system only if the fiscal impact is reasonably expected to be cost neutral or result in cost savings.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></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**

Implementation of an Electronic Visit Verification System is anticipated to significantly increase expenditures within the Department of Health and Hospitals. However, implementation is conditioned upon a reasonable projection of cost neutrality or net savings in the department associated with a reduction in provider payments based on fraud prevention. UP front costs (web based system) and recurring transaction costs (reimbursement per visit) would be incurred before any savings are realized. However, HB 1 Original for FY 15 contemplates a reduction in claims payments by the same amount, or a net decrease of approximately \$1.3 M. Information provided by the Department of Health and Hospitals estimates net savings in year 1 (FY 15) based on a 4% decrease in payments to Long Care Personal Care Services providers and Community Choices waiver providers.

This measure requires the department to implement an electronic visit verification system (EVVS) for all long term care providers (under R.S. 40:1300.322). DHH does not anticipate certain long term care providers to be included in the system for FY 15, but in the verification system in future fiscal years. These include Adult Day Health Care waiver service providers, Children's Choice waiver service providers, NOW waiver service providers, and Support waiver service providers. The calculation reflected below represents net projected savings as reflected in the FY 15 Executive Budget.

FY 15	Transactions	Transaction costs(contractor)	Annualized cost 4/1/15 implementation	FY 15 Projected spend	FY 15 Projected Savings	4% savings annualized & claims lag	NET IMPACT
LTPCS	10,171,916	\$2,237,822	\$559,455	\$282,098,787	(\$11,283,951)	(\$1,880,659)	
CCW	2,981,265	\$655,878	\$163,970	\$107,544,124	(\$4,301,765)	(\$716,960)	
			<u>\$556,000 (1 time fee)</u>				
		<b>FY 15 COST</b>	<b>\$1,279,425</b>	<b>FY 15 SAVINGS</b>		<b>(\$2,597,619)</b>	<b>(\$1,318,194)</b>

**REVENUE EXPLANATION**

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

Senate Dual Referral Rules House  6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} *John D. Carpenter*  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}  6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} **John D. Carpenter**  
**Legislative Fiscal Officer**