

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



Fiscal Note On: **HB 261** HLS 14RS 327

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 1, 2014	12:05 PM	<b>Author:</b> DIXON
<b>Dept./Agy.:</b> DHH/Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medicaid Expansion		

**MEDICAID**

OR GF EX See Note

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Causes eligibility standards for the La. Medicaid Program to conform to those established by the ACA and creates the La. Health Care Independence Program

Proposed law requires the Department of Health and Hospitals to create the Louisiana Health Care Independence Program (LHCIP) as a means to expand Medicaid eligibility to conform to the standards provided in the Affordable Care Act. Proposed law requires that the program shall provide premium assistance for eligible individuals for the purpose of facilitating their enrollment in a qualified health plan through the federal health insurance marketplace. Proposed law authorizes the department to pay premiums and supplemental cost sharing subsidies to qualified health plans for eligible individuals.

Proposed law terminates the program within 120 days if the FMAP under the ACA changes below those authorized under federal law. Proposed law requires the department to develop a program for eligibles under the program to utilize independence accounts that operate in a manner similar to a health savings account for FY 16. The health savings account shall allow the eligible to purchase health insurance. Proposed law provides for reporting requirement of DHH relative to the LHCIP. Proposed law shall terminate and become null and void on and after July 1, 2018.

<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					
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>

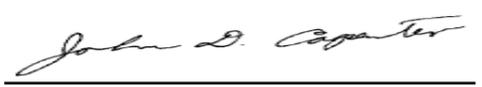
**EXPENDITURE EXPLANATION**

The proposed law requires DHH to establish and administer the Louisiana Health Care Independence Program (LHCIP) as a means to expand Medicaid eligibility to conform to the standards provided in the Affordable Care Act. Proposed law requires that the program shall provide premium assistance for eligible individuals for the purpose of facilitating their enrollment in a qualified health plan through the federal insurance marketplace. The net impact of expanding Medicaid through a temporary premium assistance insurance program that will terminate four years following the program's implementation is unknown. Approximately 298,000 uninsured between the ages of 19 to 64 under 138% of the federal poverty level are projected to be eligible under such a program. As a result of establishing a program for 4 years only, estimating the number of eligible individuals that would participate/enroll is indeterminable. The net impact is not only based on the take up (participation rate) for eligible individuals, but the cost per individual (per member per month cost), Disproportionate Share Hospital (DSH) funding reduction offset, and Medicaid administration costs. The level of temporary Medicaid Administration infrastructure development and temporary DSH reduction is also indeterminable. For FY 15, it is unknown if any DSH reduced during the first 4 years of the temporary expansion program will be restored, as the program is terminated. It is assumed that all new eligibles will participate in a private insurance option in the Health Insurance marketplace at a cost of \$541.80 per member per month.

**REVENUE EXPLANATION**

All new eligibles will be enrolled in full risk plans on the Louisiana Health Insurance Exchange. Based on this assumption, additional premium tax revenues are anticipated to be generated and deposited into the Medical Assistance Trust Fund (MATF). R.S. 22:842 imposes a 2.25% premium tax on health insurance premiums (gross annual premiums) related to life, health, and accident.

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|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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} |

  
**John D. Carpenter**  
**Legislative Fiscal Officer**