Proposed law provides specifically that able bodied adults (between age 19 and 64 years of age) participate in a community engagement and employment initiative to maintain Medicaid eligibility and enrollment, and hours required to satisfy this mandate shall be 20 hours per week at a minimum. Community engagement is defined as employment, volunteer work, caretaking, job training, education, or job search activities. Proposed law provides for exemptions, including children, pregnant women, medically frail, and adults that are a primary caregiver of a dependent.

Expenditures related to MEDS technology changes are estimated to be $4 million. System upgrades are anticipated to capture and identify information verifying that certain existing Medicaid enrollees are employed, volunteer, or are involved in job training and education for at least 20 hours a week. The costs related to MEDS technology changes are estimated to be $4 million in FY 18 by Deloitte (LDH contractor for systems modernization for the Eligibility and Enrollment function). Also, the need for additional staff augmentation costs to check and validate the work requirements of each Medicaid enrollee would depend on the frequency in which the department would review and validate the work requirements annually.

Based on the definition of able bodied adults as defined in this measure, the fiscal note assumes the community engagement requirement is restricted to the New Adult expansion population only. For FY 18, approximately 508,000 individuals classified as New Adults (expansion group) are projected to enroll in Medicaid. Information provided by the Louisiana Department of Health indicates approximately 57% of this population currently has earned income, leaving approximately 43% (approximately 218,400) of this group likely subject to the work requirement as defined in this bill. The total number of enrollees that would not meet the requirements in future fiscal years is indeterminable. However, for illustrative purposes, if 10% of the 218,400 would not maintain the requirements outlined in this measure, managed care expenditures in the Louisiana Medicaid program would be reduced by approximately $131 million ($7.2 million state match). Currently there are 4 states that have submitted waiver requests that would include some form of work requirement as a condition of Medicaid eligibility. As a result of no state implementing such a requirement to date, there is no data that may indicate a potential level of reduction to enrollment.

Note: To the extent expansion enrollment decreases, there would be an increase in the number of uninsured. Although uncompensated care costs could increase at some facilities, it is indeterminable if an increase in the number of uninsured would result in an increase in Disproportionate Share Hospital payments.

Revenue explanation

To the extent expansion enrollment decreases, statutory dedication revenue collections generated through an insurance premium tax and used in the Medicaid program would be reduced. The premium tax rate is 5.5% of health insurance premiums.