

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



Fiscal Note On: **HB 152** HLS 17RS 681

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

**REVISED**

<b>Date:</b> May 9, 2017	1:18 PM	<b>Author:</b> BACALA
<b>Dept./Agy.:</b> LDH/Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> long term care managed care		

MEDICAID OR SEE FISC NOTE GF EX See Note Page 1 of 1  
Provides for implementation and funding of a Medicaid managed long-term services and supports system

Proposed law requires the secretary of LDH to establish a Medicaid Managed Long Term Services and Supports system (MLTSS) within the Medicaid managed care program through a waiver. Proposed law further provides that the secretary shall select one or more capitated managed care plans as the MLTSS contractor or contractors through a competitive request for proposal (RFP) process. The secretary shall take actions necessary to ensure that the initial phase of implementation of the Medicaid managed long term care services and supports system begins on or before October 1, 2017, and full implementation of the system is completed on or before October 1, 2018.

Proposed law provides an account for the Medicaid managed care long term services and supports system within the Medical Assistance Trust Fund (MATF) within the treasury to receive provider fees generated from MLTSS. Monies in this account shall be used only for the purpose of funding the costs of initial implementation and ongoing administration of MLTSS.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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	SEE BELOW	INCREASE	INCREASE	INCREASE	INCREASE	
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>						

**EXPENDITURE EXPLANATION**

This measure provides for the delivery of long term care services and supports through capitated Medicaid managed care. Currently, long term care services are provided to certain populations through legacy Medicaid using a fee for service delivery system. The fiscal impact resulting from the transition of long term care recipients into managed care is indeterminable, and will depend on the parameters of the program. Information provided by LDH indicates program design has not been developed.

The Centers for Medicare and Medicaid Services (CMS) authorizes broad flexibility in MLTSS program design. Specifically, the fiscal impact will depend on benefit design (type of benefits offered and whether all benefits offered would be fully integrated under managed care or some benefits carved out), populations included, and mandatory vs optional enrollment requirements. The decisions will be utilized for capitation rate setting (cost of the eligible individual). MLTSS rate projections based on the above mentioned parameters would ultimately be used for cost comparisons with existing long term care spending under a fee for service delivery system to determine additional state costs or state savings associated with the new program.

**REVENUE EXPLANATION**

As a result of long term care populations being placed in full risk capitated plans, additional premium tax revenues are anticipated to be generated and deposited into the Medical Assistance Trust Fund (MATF). These revenues are anticipated to be used to partially offset the cost of the program. R.S. 22:842 imposes a 5.5% premium tax on insurance premiums related to health. An exact projection of tax revenues in any given year would depend on actual premium payments. For illustrative purposes, a 5.5% tax on current long term care expenditures (existing book of business) could generate as much as \$100 M in a given year. However, initial year tax receipts could be less than in out years, and would depend on when in the fiscal year managed care was implemented (as the premium tax effect is based on prior calendar year obligations). So, to the extent MLTSS is implemented within the first 6 months of FY 18 (calendar year 17), tax receipts would be generated for FY 18.

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}

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