

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



Fiscal Note On: **HB 405** HLS 17RS 581  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **REVISED**

<b>Date:</b> June 1, 2017 1:19 PM	<b>Author:</b> HOFFMANN
<b>Dept./Agy.:</b> Health	<b>Analyst:</b> Patrice Thomas
<b>Subject:</b> Medicaid Reimbursement Rate for Long-Term Care Services	

MEDICAID RE INCREASE GF EX See Note Page 1 of 2  
 Provides relative to the Medicaid disability services system

Proposed law requires the LDH to reimburse long-term care services as follows: (1) Medicaid personal care attendant (PCA) services based on rate methodology (subject to appropriation); and (2) support coordination agencies on a monthly basis for Residential Options Waiver (ROW) services as well as early and periodic screening, diagnostic, and treatment services. The proposed law requires LDH to implement an electronic visit verification (EVV) system; and any cost savings from EVV system implementation to reimburse home and community-based providers for cost incurred related to implementation. Proposed law prohibits LDH from implementing a reimbursement methodology that is lower than the rate in effect on July 1, 2017. Subject to appropriation, the proposed law requires LDH to utilize electronic plans of care for each Medicaid waiver programs providing long-term care services. Proposed law requires LDH to streamline the approval process for plans of care and use any cost savings to increase reimbursement rates to long-term care providers. Proposed law prohibits LDH from implementing any regulation that increases cost to specific providers less under specific conditions. Subject to appropriation.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	\$0	\$0	\$0	\$0	\$0	\$0

**EXPENDITURE EXPLANATION**

The proposed legislation is anticipated to increase expenditures at a minimum of \$4.5 M in FY 18 associated with rate setting, implementing an electronic visit verification (EVV) system, and developing electronic plans of care. However, the overall fiscal impact of this measure may be greater than \$4.5 M as a result of moving from an incremental reimbursement system to a daily rate (per diem) reimbursement system for personal care attendant (PCA) services. This potential cost is indeterminable and depends on the actual per diem rate utilized. Implementation of this proposed legislation shall be subject to appropriation of funds by the legislature for the purposes provided in this measure.

The proposed legislation requires the LA Department of Health (LDH) to do the following: (1) Reimburse PCA services a daily rate; (2) Reimburse support coordination agencies on a monthly basis for services through the residential option waiver (ROW) program as well as early and periodic screening, diagnostic, and treatment services (LDH does not anticipate any cost associated with this reimbursement change); (3) Implement an EVV system and utilize any savings from an EVV system implementation to reimburse home and community-based providers of their cost incurred in the implementation of EVV; (4) Require electronic plans of care for each Medicaid waiver program providing long-term care services and streamline approval process for plans of care; and (4) Identify and utilize any cost savings resulting from streamlining efforts (not specifically identified in the legislation) within the long-term care system to increase reimbursement rates for long-term care providers.

**Rate Methodology Change For LT-PCS Providers.** Since the proposed legislation prohibits LDH from implementing a new rate methodology that is lower than the current reimbursement, this provision of the legislation is not anticipated to result in any savings but could result in an indeterminable increase in Medicaid payments. Information provided by the department indicates programming changes required for the new rate methodology will be accomplished utilizing funding allocated to an existing contract with Molina. To the extent that allocated funding under the existing Molina contract is redirected to mitigate the cost of this measure and the balance is not adequate to complete all the deliverables and work of the Molina contract, additional funding may be required. Additionally, the department anticipates additional programming changes to the prior and post authorization systems as well as the case management system. Programming changes under this legislation to these systems are not covered under an existing contract with Statistical Resources Inc. (SRI). The department has projected additional programming changes to the existing SRI contract to cost \$292,033 in FY 18 and \$60,268 in FY 19.

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**REVENUE EXPLANATION**

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

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}

*Evan Brasseaux*  
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**Staff Director**

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**CONTINUED EXPLANATION from page one:**

**CONTINUED EXPENDITURE EXPLANATION**

**Electronic Visit Verification (EVV) System.** This measure is anticipated to increase expenditures associated with implementing an EVV system by \$2,760,784 M in FY 18 and \$2,816,000 in FY 19. Proposed legislation requires LDH to implement an EVV system that verifies electronically when service visits occur and documents the precise time service begins and ends. The legislation further indicates any savings from EVV will be redirect to home and community-based providers. To the extent savings materialize from implementing an in-home care EVV system, the proposed legislation requires LDH to use savings to reimburse home and community-based providers for their cost incurred purchasing electronic devices (such as smart phones or tablets) required for implementation of EVV.

**Electronic Plans of Care (ePOC).** Information provided by LDH indicates a cost of \$1.45 M (\$145,000 SGF and \$1,305,000 Federal) to develop electronic plans of care (ePOC) for all Medicaid waivers providing developmental disabilities services. This amount is based on an existing ePOC for the Office of Aging and Adult Services (OAAS). The department has funding of \$725,000 in the appropriation bill (HB 1 ReEngrossed) for development of an ePOC within OAAS.

Senate  
 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}  
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