

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



Fiscal Note On: **HB 402** HLS 17RS 844  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 15, 2017 9:40 AM	<b>Author:</b> HAVARD
<b>Dept./Agy.:</b> LDH/OBH	<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> MENTAL HEALTH	

MENTAL HEALTH EN INCREASE GF EX See Note Page 1 of 1  
 Provides for licensure and regulation of community-based care facilities

Proposed law authorizes the La. Department of Health (LDH) to promulgate and adopt rules, regulations, and standards to license and regulate facilities to be operated as community-based care facilities in order to provide for the health, safety, and welfare of persons receiving mental health services.  
Proposed law provides for an extension of the existing moratorium on licensure of level 4 adult residential care providers.

<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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

This measure authorizes a new provider type to be licensed by the state, which may provide Medicaid eligible services. Total Medicaid costs could be significant based on the level of services provided. Implementation of this program shall be subject to approval by CMS and JLCB.

First, this proposed legislation authorizes the Department of Health (LDH) to license community-based facilities for mental health patients. The impact to LDH Health Standards is indeterminable and depends on the number of providers seeking licensure. To the extent that there are a few providers, the fiscal impact to LDH to license and regulate these facilities is anticipated to be minimal. To the extent that there are many providers, the department indicates that this will require four additional positions at a cost of \$381,650 to license and regulate the facilities. This projected increase in personnel is based upon workload associated with approximately 60 facilities.

The LDH Office of Behavioral Health indicates that these providers may offer residential housing. However, the Legislative Fiscal Office (LFO) cannot determine if medical services would also be provided at these facilities or if facilities will function solely as a residential housing, as such facilities are not currently licensed by LDH. To the extent Medicaid reimbursable services are provided at the facilities, additional Medicaid expenditures would be dependent on the number of patients, services provided, and reimbursement rates. LDH has indicated that residential housing is not Medicaid reimbursable. However, based on LDH's testimony in Senate Health and Welfare on 5/17/2017, the facilities would be modeled after a similar program in California, which provides Medicaid eligible services. To the extent that the facilities provide additional Medicaid eligible services, Medicaid payments will increase.

The proposed legislation further provides that the existing moratorium on the licensure of level 4 adult residential care providers be extended for one year from July 1, 2017 to July 1, 2018. The existing moratorium has been in effect since 2012. Extending the moratorium until July 1, 2018 is not anticipated to have a fiscal impact on the department.

**REVENUE EXPLANATION**

LDH would generate a license application fee of \$600 per applicant, plus a bed fee and annual renewal fees. Total revenue generated depends on the number of providers seeking licensure.

Additionally, this measure provides that the facilities may be housed in state owned buildings, which may result in rent payments from the provider to LDH.

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

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