

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 129** HLS 19RS 374

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 7, 2019	8:47 AM	Author: CARMODY
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: non medical transportation		

MEDICAID OR INCREASE GF EX See Note Page 1 of 2
Provides relative to Medicaid nonemergency transportation providers and services

Proposed law provides for Medicaid non medical transportation services. Non emergency covered services are not required to be scheduled more than 48 hours before the transportation begins. The department shall provide medical transportation program services on a regional basis through a managed transportation delivery model using managed transportation organizations and providers that meet certain requirements. The department shall not require a motor vehicle operator to enroll as a Medicaid provider. Proposed law provides that the department shall procure managed transportation organizations under the program through a competitive bidding process for each region.

Proposed law provides for definitions of non medical transportation services, a transportation network company, transportation vendor, and the medical transportation program.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to result in a significant increase in Medicaid expenditures in FY 20 and future fiscal years as a result of creating a new service in Medicaid. The net impact depends on the number of individuals that choose the non medical transportation model proposed under this measure in lieu of the current non emergency medical transportation services currently authorized under the Medicaid program for transport to non emergency medical services. Based on a projected 25% shift in utilization from the current non emergency medical transportation program (NEMT) to the new transportation vendors, a projected net increase in overall utilization of transportation services, and higher rates paid to the new transportation providers, total new cost to the Medicaid program are estimated to be \$26 M. This measure expands transportation options and services reimbursable by Medicaid by adding a new classification of transportation called "non medical transportation". Unlike the state's current non-emergency medical transportation program (NEMT) that requires transportation be scheduled no less than 48 hours in advance of the ride, the new service provides the ride is scheduled not more than 48 hours in advance before the transportation occurs. In addition, the bill allows for use of transportation network companies for both the current NEMT services and the new non medical transportation services. Information provided by the department indicates TNC's are ride sharing companies such as Uber and Lyft, and costs approximately 3 times as much as current ride services currently provided under the Medicaid program.

See page 2 for expenditure illustration

REVENUE EXPLANATION

It is not clear if the new transportation organizations will be carved out of the managed care system. To the extent plans will contract with such organizations, additional spending is anticipated to be subject to the managed care premium tax, and would generate additional tax revenues by an indeterminable amount. Carving these transportation services out of managed care may result in lost premium tax revenue.

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:

Expenditure explanation: continued.

The additional Medicaid expenditures estimated under this measure are based on the following assumptions and calculations.

- 1,555,493 NEMT rides paid by Medicaid in FY 18 at a total cost of \$50,780,413 (rate of \$32.65 per trip)
- 25% (388,873) utilization shift from NEMT rides to the new non medical transportation rides (transportation network company (TNC) providers
- TNC rides costs are three times the costs of current NEMT rides on average (from \$32.65 to \$97.95 per ride)
- Utilization net impact: TNC trips will cost \$38,090,110 (388,873 rides x \$97.95 per ride). NEMT savings of \$12,696,703, for a net transportation cost of \$25,393,407
- Projected 1% utilization increase resulting in an additional 15,555 trips, for a total additional impact of \$761,823 (assumes 25% of utilization increase will use TNC's (3,889 rides at \$97.95 per trip, while 75% will use current NEMT ride services (11,666 rides at \$32.65 per trip), for a total 1% utilization increase of \$761,823

\$50,780,414 - FY 18 NEMT Medicaid spend (current non emergency medical transportation program)
\$76,935,644 - Projected spend with 25% utilization shift and 1% utilization increase)
\$26,155,230 - Projected increased Medicaid cost under this measure

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