

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 783** HLS 18RS 1299
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 15, 2018 10:38 AM **Author:** HUVAL
Dept./Agy.: LA Dept. of Health **Analyst:** Zachary Rau
Subject: Increases Assessment for Ground Ambulance Providers

HEALTH SERVICES EG +\$6,146,480 SD RV See Note Page 1 of 1
 Provides for the maximum amount of fees assessed on emergency ground ambulance service providers

Present law provides that the maximum fee allowable for emergency ground service providers totals 3.5% of the annual net operating revenue of the provider. Proposed law provides that the maximum fee allowable for emergency ground service providers shall not exceed the maximum allowable by federal regulation. Proposed law repeals requirement in present law that the LA Dept. of Health publish total amounts of the fee assessment and the corresponding applicable percentage of net operating revenue that will be applied to assess the emergency ground service providers in the state journal.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	SEE BELOW					
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$6,146,480	\$6,146,480	\$6,146,480	\$6,146,480	\$6,146,480	\$30,732,400
Federal Funds	\$11,250,859	\$11,250,859	\$11,250,859	\$11,250,859	\$11,250,859	\$56,254,295
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$17,397,339	\$17,397,339	\$17,397,339	\$17,397,339	\$17,397,339	\$86,986,695

EXPENDITURE EXPLANATION

Based on current law, any revenues generated through the emergency ground ambulance provider fee are used as a state match source for ambulance provider rate enhancements.

REVENUE EXPLANATION

Proposed law will increase provider tax revenues estimated to total \$6.15 M in FY 19 and subsequent fiscal years. Revenues will be deposited in the constitutionally dedicated Medical Assistance Trust Fund (MATF). Furthermore the anticipated revenues are anticipated to be used as a match source for the LA Dept. of Health (LDH), Medical Vendor Payments (MVP) to draw down an estimated \$11.25 M of federal matching funds beginning in FY 19 and in subsequent fiscal years. The proposed legislation increases the maximum assessment on emergency ground service ambulance providers from the current assessment of 3.5% on annual net operating revenue to the maximum allowable assessment by federal regulation in a given year. Currently the maximum allowable assessment is 6% on net operating revenue as set by 42 CFR 433.68(f)(3).

Based upon operating revenues for ambulance providers subject to the assessment in FY 18, the proposed legislation will increase deposits to the MATF by approximately \$6.15 M annually, from approximately \$8.60 M to approximately \$14.75 M. The net increase is derived from the current fee assessment revenues associated with reported net operating revenues of approximately \$245.86 M in 2016 for Louisiana providers. Subtracting total assessment revenues (3.5% * \$245.86 M = \$8.61 M) based on the current 3.5% assessment from the total assessment revenues based on the proposed 6% assessment (6% * \$245.86 M = \$14.75 M) yields a net increase in provider tax revenue deposits in the MATF of \$6.15 M (\$14.75 M - \$8.61 M). Furthermore, LDH anticipates utilizing the new provider tax revenues as a match source to draw down additional federal dollars totaling an estimated \$11.25 M beginning in FY 19.

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}

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