

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 698** HLS 21RS 1088

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.: **HB 186**

Date: May 6, 2021	12:17 PM	Author: BACALA
Dept./Agy.: LDH/DCFS		Analyst: Shane Francis
Subject: Interagency agreements to offset Medicaid costs		

STATE AGENCIES

RE INCREASE GF EX See Note

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Provides for state agency partnerships to improve Medicaid administration and program integrity

Proposed law requires LDR and LDH to enter into cooperative endeavors such that LDH provide to LDR identifying information of each person enrolled in Medicaid under the age of 19 and each adult enrolled in the Medicaid program whose application indicates any child or children under the age of 19 who live with them. LDR shall examine tax returns to identify children within Medicaid who are claimed as dependents by noncustodial parents. Statistical information would be presented to the legislature annually whilst containing no identifying information on any individual.

Proposed law provides that agreements between DCFS and LDH provide for remittance between DCFS to LDH in connection with each noncustodial parent of a child enrolled in Medicaid when all of the following are true: 1) the noncustodial parent has been ordered by a court to make cash medical payments, 2) DCFS is providing support enforcement services and 3) cash medical support has been assigned to the state in accordance with relevant laws.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$113,040	\$0	\$0	\$0	\$0	\$113,040
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
Annual Total	\$113,040	\$0	\$0	\$0	\$0	\$113,040

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$193,533	\$193,533	\$193,533	\$193,533	\$193,533	\$967,665
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	(\$127,732)	(\$127,732)	(\$127,732)	(\$127,732)	(\$127,732)	(\$638,660)
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$65,801	\$65,801	\$65,801	\$65,801	\$65,801	\$329,005

EXPENDITURE EXPLANATION

The LA Department of Revenue (LDR) estimates an additional \$113,040 in one-time expenditures for computer system development, testing and tax form redesign; LDR does not collect dependent Social Security numbers from its paper returns. Additional indeterminate IT costs are anticipated to program and implement processes to begin capturing dependent Social Security Numbers from paper returns. An assessment will be made at the end of the session to assess the cumulative effect of all new legislation. It may be determined that additional resources are needed at that time.

Proposed legislation requires the LA Department of Health (LDH) to provide information to LDR on children in Medicaid and adults enrolled in Medicaid who indicate any child or children under the age of 19 who live with them. Information on past and currently enrolled children and adults can be shared by LDH to LDR without additional expense.

The Department of Children and Family Services (DCFS) does not anticipate any additional expenditures due to proposed legislation.

REVENUE EXPLANATION

LDH may observe increases in revenue dependent on the efficacy of new DCFS enforcement processes developed in response to proposed legislation's incentive payment structure and LDR's ability to identify noncustodial parents who are currently noncompliant with court-ordered cash medical payments. In the short-term, revenue generated for LDH through additional remittances are indeterminate until such time a 'bottleneck' for existing payments can be identified, whether due to existing limitations to noncustodial parent identification or resources available to enforce. Proposed legislation seeks to address both of these simultaneously, and so additional revenue will be proportional to the efficacy of interagency agreements.

DCFS estimates incentive payments (see next page \$193,533) will reduce reimbursable expenses under Title IV-D of the Social Security Act which is subject to a 66%/34% Federal Financial Participation rate. DCFS will observe a reduction in necessary state match expenditures equal to 34% of incentive payment received. As a function of incentives received for cash medical payments (due to legal prohibitions on remitting child support collections to Medicaid), this would result in a net increase of department revenue of \$65,801 per year, all else held equal.

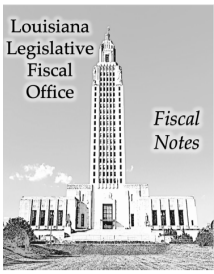
REVENUE EXPLANATION CONTINUED ON PAGE TWO

<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 checked="" 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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CONTINUED EXPLANATION from page one:
REVENUE EXPLANATION CONTINUED FROM PAGE ONE

Incentive payments to DCFS do not constitute a loss of revenue to LDH, as the latter ensures that the 15% in incentive payments in Proposed Legislation come from the federal share of medical support collections returned to CMS. As a result, these funds are from monies that LDH does not currently retain and would have no fiscal impact on LDH.

Cash medical payments became mandatory in May 2018; below are its historic collections, the proposed 15% incentive payment DCFS would receive, and the breakdown of that 15% into the foregone federal and state match. The first round of federal stimulus payments are reflected in FY 20 and FY 21 and DCFS considers these values outliers. When omitted, the average incentive fee collected would be \$193,533, and this reflects the annual expenditure amount that would not be submitted quarterly for Title IV-D reimbursement.

<u>Amount of Payments Collected by FY</u>	<u>15% Incentive</u>	<u>Federal Share</u>	<u>State Share</u>
FY 2018: \$1,153,575	\$173,036	\$114,204	\$58,832
FY 2019: \$1,426,862	\$214,029	\$141,259	\$72,770
FY 2020: \$2,620,625	\$393,094	\$259,442	\$133,652
FY 2021: \$1,586,261	\$237,939	\$157,040	\$80,899*

* July 1, 2020 - Feb. 28, 2021

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}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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