



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 582** HLS 23RS 865
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 27, 2023	5:50 PM	Author: IVEY
Dept./Agy.: LDH		
Subject: Electronic Data Interchange		Analyst: Shawn Hotstream

MEDICAID OR INCREASE GF EX See Note Page 1 of 1
 Provides relative to Medicaid

Proposed law requires the Louisiana Department of Health to develop and implement an Electronic Data Interchange (EDI) that will serve to adjudicate all fee for service claims for Medicaid reimbursement and process all managed care encounter claims. Proposed law provides the function of the system, including reducing the number of claim resubmissions, improving the reliability of plan encounter data, reduce claim validation processing costs, reducing agency financial staff time on manual data reentry and processing, implement an accessible unemployment insurance with enhanced visibility to claim detail and improve data quality and management.

Proposed law requires LDH to create and implement a Provider Services Module, and provides for functions of the module, including provider application processing, and provider eligibility, screening, and credentialing, and provider management and oversight.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	2023-24	2024-25	2025-26	2026-27	2027-28	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Requiring LDH to process and adjudicate managed care organization (MCO) claims is anticipated to result in significant cost to Medicaid annually. LDH currently does not process MCO encounter claims. LDH anticipates additional contract and technology expenditures based on assumptions reflected below.

FY 24 projected costs

- \$22,985,845 - claims processing (\$0.18 cost per encounter x 127,699,144 managed care claims)
- \$181,502,829 - development of system to copy business rules of each MCO (1 time cost of service edits and claims processing rules (\$20,166,981 cost per MCO x 9 MCO's, which include dental and CSOC)
- \$3,990,000 - IT cost to add provider performance management services to existing provider management contract
- \$494,646 - 4 additional positions (\$82,441 salary and related benefits for program monitoring)
- \$17,208 - operating expenses
- \$208,990,528** FY 24 processing cost and IT one time costs (\$104,495,264 SGF, \$104,495,264 Federal)

Outyear costs do not include one time costs (\$181.5 M) associated with system development.

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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