

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 130** SLS 25RS 367
Bill Text Version: **REENGROSSED**
Opp. Chamb. Action: **w/ HSE COMM AMD**
Proposed Amd.:
Sub. Bill For.:

Date: June 8, 2025	3:38 PM	Author: CLOUD
Dept./Agy.: Health/Medicaid		
Subject: Program Integrity Measures		Analyst: Anthony Shamis

MEDICAID RE1 DECREASE GF EX See Note Page 1 of 2
Provides relative to Medicaid. (gov sig)

Proposed law requires the Louisiana Department of Health (LDH) to adopt the following program integrity measures to verify ongoing eligibility for Medicaid: (1) LDH shall not accept eligibility determinations from certain exchanges, but may accept assessments from such exchanges, if independently verified to make eligibility determinations. (2) No agency that operates as part of Medicaid may rely solely on ex parte renewals. (3) Unless required by law LDH shall not accept self-attestation of Louisiana state residency for initial eligibility determinations or renewals and may use technology and government data sharing to verify income, residency, household composition, or receipt of other coverage. (4) The department may use an enhanced income verification platform to verify recipient eligibility. (5) LDH shall enter into certain data matching agreements to cross-check households enrolled in Medicaid with other state data sets as allowed by law. (6) LDH shall publish information related to certain findings of noncompliance and fraud investigations in Medicaid on it website, quarterly.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$24,348	\$0	\$0	\$0	\$0	\$24,348
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to result in a significant decrease in expenditures in the Medicaid program, within the Louisiana Department of Health (LDH). This measure increases \$24,348 SGR expenditures in the Office of Motor Vehicles (OMV) in the Department of Public Safety (DPS) to establish program integrity measures to verify ongoing eligibility for Medicaid.

LDH Medicaid

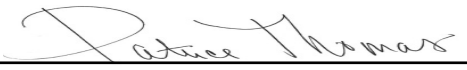
LDH reports the Proposed law is anticipated to decrease Medicaid expenditures by \$88.8 M (See table on page 2). LDH anticipates the need in Medical Vendor Administration for an additional 16 positions (14 T.O. & 2 UNO): Seven (7) additional call center staff to support incoming calls on new notices generated from additional checks and new applications; Seven (7) additional analysts to support new tasks generated from additional checks and notices, and to manually process approximately 120,000 new applications annually. In addition to the 14 new T.O., Two (2) new UNO contract positions will be required to support appeals and more frequent checks on incarcerated status. LDH based the estimated number of positions on the increased workload from processing the approximately 120,000 additional applications per year, which is anticipated to increase call volume and appeals. The LFO has requested additional information to substantiate this estimate. LDH indicates the need for \$150,194 in Operating Expenses for printing and postage; \$2.8 M in Professional Services for modifications to the Medicaid Eligibility Determination System (Deloitte Consulting Group); and \$33,296 for equipment (computers, monitors, desk chairs, telephones, etc.).

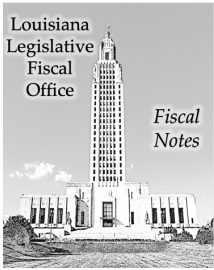
Medical Vendor Payments is projecting an expenditure savings in FY 26 of \$92.3 M associated with the following assumptions: Assume a 72% no-response rate at application, resulting in denial. Assume 32.76% of expansion, family & children program applicants responding over the course of 6 months and are accepted, or 67.24% of denied applications remaining off the program after six months. Assume 26.04% of just expansion FFM applicants responding over the course of 6 months are accepted, or 73.96% of denied applications remaining off the program after six months. Assume monthly savings of \$663.82 at 90% federal match for expansion program denials and monthly savings of \$275.81 at 67.96% federal match for families and children programs.

Continue Explanation on Page 2

REVENUE EXPLANATION

Proposed law will result in a decrease/savings in Statutory Dedicated Medical Assistance Trust Fund (MATF) revenues within the LDH Medicaid program as a result of premium tax collections of 5.5% of Healthy LA expenditures, as well as Federal Funds associated with reduced per member per month (PMPM) expenditures from enrollment reductions based on denials.

Senate	Dual Referral Rules	House	
<input 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}	 Patrice Thomas Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one: Page 2 of 2

EXPENDITURE EXPLANATION Continued from Page 1

Assume that annually, 11,202 initial denials from FFM applications are due to their ineligibility or not responding to requests for additional information, which would have previously been enrolled in expansion based on FFM determinations.

Assume that 87,976 applications in expansion, family, and children's programs will be initially denied annually based on projected no response from recipients.

Assume start date of January 1, 2026 (6 months in FY 26).

There will be an upfront cost of approximately \$3.5 M to implement this legislation. The costs are related to the additional positions, Operating expenses for printing and postage, modifications to the eligibility determinations system, and equipment. Savings will follow once implementation is completed.

The table below represents anticipated Medicaid expenditure savings:

	<u>25-26</u>	<u>26-27</u>	<u>27-28</u>	<u>28-29</u>	<u>29-30</u>	<u>Total</u>
SGF	(\$5,054,757)	(\$10,575,771)	(\$16,307,150)	(\$16,296,277)	(\$16,285,187)	(\$64,519,142)
Dedicated	(\$5,077,683)	(\$10,053,813)	(\$15,233,050)	(\$15,233,050)	(\$15,233,050)	(\$60,830,646)
Federal	(\$78,655,399)	(\$160,700,458)	(\$243,931,463)	(\$243,915,482)	(\$243,899,181)	(\$971,101,983)
Total	(\$88,787,839)	(\$181,330,042)	(\$275,471,663)	(\$275,444,809)	(\$275,417,418)	(\$1,096,451,771)

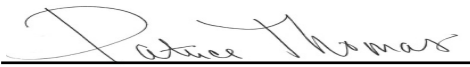
DPS - OMV (\$24,348 SGR) in FY 26

DPS reports that OMV worked with the Office of Technology Services (OTS) applications team to obtain an estimate for the feasibility and cost of transmitting the required data to LDH. OTS estimates 200 combined hours of work for both a Senior and Junior Applications Developer at a blended rate of \$120/hour, including requirement sessions, application development, testing, and implementation tasks to allow for residency checks against OMV data at initial Medicaid eligibility and on a quarterly basis. The hourly rate is provided and billed by OTS as an IAT expenditure. State Senior/Junior Application Developer @ 200 hours x \$120 per hour = \$24,000 x 1.45% Medicare = \$348 (Total: \$24,348)

Senate
☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

Dual Referral Rules

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}


Patrice Thomas
Deputy Fiscal Officer