



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 971** HLS 26RS 1425
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 6, 2026	5:32 PM	Author: STAGNI
Dept./Agy.: Department of Health / Medicaid		Analyst: Cristian Nedelea
Subject: Medicaid reimbursement for rural health clinics		

MEDICAID EG INCREASE GF EX See Note Page 1 of 1
 Provides relative to Medicaid reimbursement for rural health clinics

Proposed law requires the secretary of the Louisiana Department of Health (LDH) to take all necessary actions to equalize the Medicaid reimbursement rate between independent Rural Health Clinics (RHCs), also known as type one RHCs, and provider-based RHCs, also known as type two and three RHCs. The LDH shall ensure that independent RHCs are reimbursed by Medicaid at the same rate as provider-based RHCs.

Proposed law requires the LDH to take any necessary action to implement the provisions of the proposed law, including filing a state plan amendment or promulgating and adopting rules, no later than 10/01/2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to result in an indeterminable but potentially significant increase in SGF, Statutory Dedications out of the Medical Assistance Trust Fund – MATF, and Federal Funds expenditures within LDH in FY 27 and subsequent fiscal years. The proposed legislation requires Medicaid to reimburse independent Rural Health Clinics (RHCs) at the same rate as provider-based RHCs.

Illustrative Scenario

For illustrative purposes, the following projection shows the fiscal impact of increasing Medicaid reimbursement rates for independent RHCs to align with the rates currently paid to provider-based RHCs for procedure code T1015 (clinic encounter visit):

Total Cost Increase = Rate Differential × Number of RHCs × Annual Claims Volume

Scenario assumptions:

(1) Rate Differential: 7/01/2025 Medicaid fee schedule for procedure code T1015 (clinic encounter visit)

Category	Minimum	Median	Maximum
(A) Provider-based RHC	\$104.82	\$255.29	\$586.92
(B) Independent RHC	<u>\$95.27</u>	<u>\$116.66</u>	<u>\$192.56</u>
A - B = Rate Differential:	\$9.55	\$138.63	\$394.36

(2) Number of clinics: 135 independent RHCs (per 7/01/2025 Medicaid fee schedule)

(3) Utilization assumption: 1,000 T1015 claims per RHC annually

Fiscal Impact (for Illustrative Purposes)

When applied across the 135 independent RHCs and an assumed utilization volume of 1,000 claims per clinic annually, estimated annual total costs range from \$1.3 M at the minimum, to \$18.7 M at the median, and up to \$53.2 M at the maximum, demonstrating that higher rate differentials at the upper end of the distribution significantly drive overall expenditures.

Minimum:	\$1,289,250	= \$9.55 Rate change	x 135 RHCs	x 1,000 Claims
Median:	\$18,715,725	= \$138.63 Rate change	x 135 RHCs	x 1,000 Claims
Maximum:	\$53,238,600	= \$394.36 Rate change	x 135 RHCs	x 1,000 Claims

Note: LFO has requested actual utilization data from LDH to estimate the potential impact of the proposed legislation. This fiscal note will be updated upon receipt and analysis of the actual data.

REVENUE EXPLANATION

Proposed law is anticipated to result in an indeterminable increase in Statutory Dedications - Medical Assistance Trust Fund (MATF) revenues within LDH. The revenue increase is a direct result of the 5.5% premium tax collections levied on managed care organizations (MCO) per member per month (PMPM) expenditures. The increased reimbursement rates will be integrated into the actuarially sound PMPM payments made by LDH to MCOs. Because PMPM/premium tax collections are based on a calendar year, the fiscal impact for FY 27 is based only on six months of collections (July through December 2026).

<p><u>Senate</u></p> <p><input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>Dual Referral Rules</u></p>	<p><u>House</u></p> <p><input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>	<p><i>Alan M. Boxberger</i></p> <hr/> <p>Alan M. Boxberger Legislative Fiscal Officer</p>
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