



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 198** HLS 26RS 252
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: LDH/Medicaid		
Subject: Medicaid reimbursement of ambulatory surgical centers		Analyst: Cristian Nedelea

HEALTH RE INCREASE GF EX See Note Page 1 of 1
 Provides relative to Medicaid reimbursement of ambulatory surgical centers for certain procedures

Proposed law requires the Louisiana Department of Health (LDH) to take all necessary actions by 10/01/26, to reimburse ambulatory surgical centers (ASCs) that perform gastroenterology, ophthalmology, and otolaryngology procedures at a rate which is the lesser of the rate paid in an outpatient hospital setting or 100% of the Medicare rate for the same procedures. It also requires LDH to update the reimbursement rates annually.

Proposed law shall become effective upon the signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

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

Projected expenditures shown below reflect increased Medicaid reimbursement for gastroenterology, ophthalmology, otolaryngology, and dental surgery procedures provided in an ambulatory surgical center (ASC). The committee amendments proposed by House Committee on Appropriations to the engrossed bill removed dental surgery procedures from the proposed law. LFO has requested an updated fiscal note worksheet from the Louisiana Department of Health (LDH) accounting for the proposed amendments to the engrossed bill. At the time of publication, LDH is continuing to analyze the requirements of proposed law to determine potential expenditure impacts. Upon receipt of additional information regarding the projected expenditures associated with the requirements of this legislation, this fiscal note will be revised accordingly.

Proposed law is anticipated to result in an expenditure increase within the Louisiana Department of Health (LDH) of \$2.2 M (\$400,228 SGF, \$30,174 Statutory Dedications out of the Medical Assistance Trust Fund - MATF, and \$1.8 M Federal) in FY 27 (assuming 8 payment months) and \$3.3 M (\$464,559 SGF, \$181,045 Statutory Dedications, and \$2.6 M Federal) in FY 28 and subsequent fiscal years. Proposed law mandates Medicaid reimbursement for gastroenterology, ophthalmology, and otolaryngology procedures, as well as dental surgery procedures provided in an ambulatory surgical center (ASC) at a rate which is the lesser of the rate paid in an outpatient hospital setting or 100% of the Medicare rate for the same procedures.

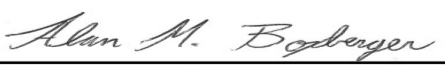
The expenditure projection is based on the following data, assumptions, and approach:

- (1) Expected new cost: FY 24 and FY 25 historical utilization data for the mandated services were repriced using the proposed reimbursement rates and the average of the two years was used for the expenditure projection.
- (2) Observed cost: The average of FY 24 and FY 25 observed utilization data for the mandated services was used for the projection.
- (3) Rate differential = (1) Expected new cost - (2) Observed cost.
 $\$2,827,890 = \$4,499,507 - \$1,671,617$
- (4) 5.5% premium tax and 10% administrative cost are factored into the total cost. Statutory Dedications for FY 27 reflect two months of premium taxes, which are collected on a calendar year basis (November and December 2026).
- (5) Effective date: 10/01/2026. FY 27 accounts for 8 months of usage. All ASC services are assumed to be provided through the Healthy Louisiana MCOs which are paid capitation payments with a one month lag (for example, November 2026 capitation payments are for October 2026 service month).
- (6) Financing: 68.06% Non-Expansion blended FMAP rate and 90% Expansion FMAP rate.

Note: The LFO is unable to corroborate the expenditure estimates projected by LDH. The LFO has requested LDH to provide detailed information on the assumptions and methodology used to estimate the anticipated increase in Medicaid expenditures. To the extent that actual utilization varies from projections, total costs would shift accordingly. Should additional information regarding estimated expenditures become available, this fiscal note will be updated.

REVENUE EXPLANATION

Proposed law is anticipated to result in a revenue increase within the LDH of \$30,174 in Statutory Dedications - MATF revenues in FY 27 and \$181,045 per fiscal year thereafter. With a 10/01/2026 effective date and premium tax collections based on a calendar year, the Statutory Dedications fiscal impact for FY 27 is for only two months of collections (payment months of November and December 2026). The revenue increase is a direct result of the 5.5% premium tax collections levied on MCO capitation expenditures. The increase in expenditures will be integrated into the actuarially sound premium/capitation payments made by LDH to MCOs.

<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}	Alan M. Boxberger Legislative Fiscal Officer
<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}	