



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 474** SLS 14RS 592  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> March 19, 2014	10:59 AM	<b>Author:</b> MILLS
<b>Dept./Agy.:</b> DHH/Medicaid		
<b>Subject:</b> Deficit avoidance		<b>Analyst:</b> Shawn Hotstream

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Provides for deficit avoidance procedures for certain Medicaid, other non-Medicaid health care, and rehabilitation programs. (7/1/14)  
Proposed law establishes a budget stabilization program for Medicaid, certain DHH programs, certain elderly programs, and rehabilitation services. Proposed law provides that neither the governor nor the legislature may reduce Medicaid rates below the Medicaid program rates established for FY 2013/2014 to eliminate a budget deficit, unless a)the reduction does not exceed the average reduction made to the reimbursement for other providers in Medicaid and b) the reduction receives the written consent of two thirds of the elected members of each house (or two thirds vote of the JLCB if the legislature is not in session)

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EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed law establishes a rate/funding floor for future appropriations for certain Medicaid providers and DHH agencies, rehabilitation services in the Louisiana Workforce Commission(LWC), and the Office of Elderly Affairs that can only be reduced under certain conditions. The rate floor established for Medicaid providers, with exclusions for those providers that pay a provider fee, is no less than the average Medicaid rates established for FY 14. The funding floor for DHH non-Medicaid agencies, rehabilitation services in the LWC, and the Governor’s Office of Elderly Affairs is no less than the level of appropriation for FY 14.

Specifically, this measure provides limitations relative to future provider rate cuts, and limits the cuts to funding levels for certain agencies by eliminating the ability to make targeted reductions in the event of a budget deficit in a given year or when recurring revenues for a future fiscal year are forecasted to be at least 1% less than the preceding year. The governor may only reduce Medicaid provider rates below FY 14 rates for certain providers if the reduction does not exceed the average reduction made to rates for other providers (excluding Nursing Facilities, Pharmacy, Intermediate Care Facilities, and Hospital providers) under the Medicaid program, and the reduction receives the written consent of two-thirds of the elected members of each house during session (or two thirds of the members of the Joint Legislative Committee on the Budget if the legislature is not in session). Similarly, targeted agency cuts are not allowed for non Medicaid DHH agencies, the Louisiana Rehabilitation Services program in the Louisiana Workforce Commission, and the Office of Elderly Affairs in the Governor’s Office without first meeting legislative approval conditions and across the board reduction conditions reflected in this measure.

For illustrative purposes, the total rates and funding levels impacted by this measure are reflected below.

\$6.4 B - DHH impacted budget (FY 14 DHH budget net of exclusions, including pharmacy/hospital portion of Bayou Health)  
\$43.8 M - Governor’s Office of Elderly Affairs for FY 14  
\$47.6 M - Louisiana Rehabilitation Services in the Louisiana Workforce Commission FY 14  
\$6.49 B - Total budget impacted

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate

Dual Referral Rules

House

☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

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

John D. Carpenter  
Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one:

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Proposed law provides that neither the governor nor the legislature may reduce the funding for any health agency under DHH, rehabilitation services operated by the Louisiana Workforce Commission, or elderly services program operated by the Governor’s Office of Elderly Affairs less than the level of appropriation for these agencies/facilities in Fiscal Year 2013/2014 to eliminate a budget deficit, unless a)the reductions are proportionally equivalent among all agencies referenced in the proposed law and b) the reduction receives the written consent of two thirds of the elected members of each house (or two thirds of the members of the Joint Legislative Committee on the Budget if the legislature is not in session).

Proposed law further provides in the event the official forecast of recurring money for a fiscal year is at least one percent less than the official forecast of recurring money in a prior fiscal year, neither the governor nor the legislature may reduce the Medicaid base rate to certain provider groups less than the average Medicaid rates for FY 14, nor reduce the budget for any health care agency under the purview of DHH, rehabilitation services operated under the LWC, or elderly services managed by the Governor’s Office of Elderly Affairs in order to eliminate a budget deficit in the next fiscal year, except the governor may reduce the appropriation rates and funding levels if a)the reductions are proportionally equivalent among all agencies referenced in the proposed constitutional amendment (and Medicaid rate reductions are do not exceed the average reduction for other providers under Medicaid) and b) the reduction receives the written consent of two thirds of the elected members of each house (or two thirds of the members of the Joint Legislative Committee on the Budget if the legislature is not in session).

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 <b>John D. Carpenter</b> <b>Legislative Fiscal Officer</b>
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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}		