

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 240** HLS 14RS 502  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 20, 2014	3:19 PM	<b>Author:</b> SMITH, PATRICIA
<b>Dept./Agy.:</b>		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b>		

HEALTH CARE OR INCREASE GF EX See Note Page 1 of 2  
 (Constitutional Amendment) Requires the state to provide to a legal resident employed for the previous calendar year for at least 1,000 hours and whose income is below 100% of the federal poverty level the opportunity to participate in a state health insurance program with essential benefits to individuals that meet certain criteria. Criteria includes the following: 1) must be a legal resident, 2) employed for the previous calendar year for at least one thousand hours, and 3) income is below one hundred percent (100%) of the federal poverty level.

The proposed constitutional amendment provides that the proposition be submitted to voters at the November 4, 2014 election.

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

**EXPENDITURE EXPLANATION**

Proposed constitutional amendment is anticipated to increase State General Fund expenditures by a significant but indeterminable amount. This measure requires the state to create a new insurance program. The net impact will depend on the specific insurance program proposed. At a minimum, the program would provide essential health benefits (not defined in this measure) for a limited coverage group, and eligibility for the new program is further conditioned on a work requirement. Specifically, program eligibility is limited to legal residents whose income is less than 100% of the federal poverty level, and were employed for the previous calendar year for at least 1,000 hours.

The LFO assumes a program with these parameters would require a waiver from the Centers for Medicare and Medicaid Services, as the eligibility group defined under this measure is more restrictive than the group authorized under the Affordable Care Act (to 138% with no work requirement). To the extent a waiver would not be granted, the state would be required to fund the insurance program with 100% SGF. The fiscal note assumes funding the program with 100% SGF. Due to the administrative burden of determining the work requirement on an annual basis, the number of eligibles anticipated to be enrolled in a new state insurance program annually is indeterminable. Information from the American Community Survey (US Census) indicates approximately 194,000 Louisiana adults would be eligible (up to 100% of the FPL and work at least 20 hours a week). Based on these statistics, and an average Per Member Per Month cost of \$366.37 (Louisiana Blue Cross Blue Shield Silver health plan), the premium cost alone for one month under this new state insurance program would be \$71,075,780 and \$852,909,360 for a year (for all projected eligibles). Additionally, significant administrative cost would be required to operate a state insurance program, including new personnel for eligibility applications/determinations, fiscal intermediary costs, and enrollment broker/health plan related costs.

It is assumed there would be some net reduction in Disproportionate Share Hospital (DSH) reimbursement for uncompensated care costs, which would depend on the universe of uninsured becoming insured in the new state health insurance program.

**REVENUE EXPLANATION**

A managed care insurance model would result in additional tax revenues to the state as a result of premium taxes generated and deposited into the Medical Assistance Trust Fund authorized under R.S. 22:842 (2.25% premium tax on health insurance premiums). The revenue generated depends on the number of covered individuals (premium payments).

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

LEGISLATIVE FISCAL OFFICE  
Fiscal Note



Fiscal Note On: **HB 240** HLS 14RS 502  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
Proposed Amd.:  
Sub. Bill For.:

**Date:** May 20, 2014 3:19 PM **Author:** SMITH, PATRICIA  
**Dept./Agy.:** **Analyst:** Shawn Hotstream  
**Subject:**

CONTINUED EXPLANATION from page one:

Page 2 of 2

The proposed constitutional amendment provides that the proposition be submitted to voters at the November 4, 2014 election. The November 4, 2014 election is a statewide election, when all precincts in the state are scheduled to be opened. As a regular practice, the Secretary of State budgets for up to 10 constitutional amendments for the fall statewide elections.

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