

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 188** SLS 17RS 268
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject: Medicaid recipient work requirement	

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 Provides relative to Medicaid recipient work requirements. (8/1/17)

Proposed law requires the secretary of the Louisiana Department of Health to submit an 1115 waiver request to the US Department of Health and Human Services, Center for Medicare and Medicaid Services (CMS), to implement a demonstration project in which certain Medicaid recipients must meet certain work requirements as a condition of maintaining eligibility.

Proposed law provides specifically that able bodied adults (between age 19 and 64 years of age) participate in a community engagement and employment initiative to maintain Medicaid eligibility and enrollment, and hours required to satisfy this mandate shall be 20 hours per week at a minimum. Community engagement is defined as employment, volunteer work, caretaking, job training, education, or job search activities. Proposed law provides for exemptions, including children, pregnant women, medically frail, and adults that are a primary caregiver of a dependent.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2017-18	2018-19	2019-20	2020-21	2021-22	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	\$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						

EXPENDITURE EXPLANATION

Implementing a work requirement as a condition of Medicaid eligibility is anticipated to significantly reduce managed care expenditures in the Louisiana Medicaid program. However, the net impact of this measure in FY 18 is indeterminable, as LDH is anticipated to incur up front costs to the Medicaid Eligibility Data System. System upgrades are anticipated to capture and identify information verifying that certain existing Medicaid enrollees are employed, volunteer, or are involved in job training and education for at least 20 hours a week. The costs related to MEDS technology changes are estimated to be \$4 M in FY 18 by Deloitte (LDH contractor for systems modernization for the Eligibility and Enrollment function). Also, the need for additional staff augmentation costs to check and validate the work requirements of each Medicaid enrollee would depend on the frequency in which the department would review and validate the work requirements annually.

Based on the definition of able bodied adults as defined in this measure, the fiscal note assumes the community engagement requirement is restricted to the New Adult expansion population only. For FY 18, approximately 508,000 individuals classified as New Adults (expansion group) are projected to enroll in Medicaid. Information provided by the Louisiana Department of Health indicates approximately 57% of this population currently has earned income, leaving approximately 43% (approximately 218,400) of this group are likely subject to a work requirement (as defined in this bill). The total number of enrollees that would not meet the requirements in future fiscal years is indeterminable. However, for illustrative purposes, if 10% of the 218,400 would not maintain the requirements outlined in this measure, managed care expenditures would be reduced by approximately \$131 M (\$7.2 M state match). Currently there are 4 states that have submitted waiver requests that would include some form of work requirement as a condition of Medicaid eligibility. As a result of no state implementing such a requirement to date, there is no data that may indicate a potential level of reduction to enrollment.

Note: To the extent expansion enrollment decreases, there would be an increase in the number of uninsured. Although uncompensated care costs could increase at some facilities, it is indeterminable if an increase in the number of uninsured would result in an increase in Disproportionate Share Hospital payments.

REVENUE EXPLANATION

To the extent expansion enrollment decreases, statutory dedication revenue collections generated through an insurance premium tax and used in the Medicaid program would be reduced. The premium tax rate is 5.5% of health insurance premiums.

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

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}

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