

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 3** HLS 181ES 65
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: February 20, 2018 1:53 PM **Author:** HOFFMANN
Dept./Agy.: LDH/Medicaid **Analyst:** Shawn Hotstream
Subject: Community Engagement

MEDICAID OR INCREASE GF EX See Note Page 1 of 1
 Provides for a work and community engagement initiative within the Medicaid program (Item #13)

Proposed law requires certain individuals (able bodied adults without dependents) to comply with minimum work and community engagement activities as a condition of Medicaid eligibility. One or more of the following criteria must be met; 1) works a minimum of 20 hours a week, averaged monthly 2) is participating in/complying with requirements of a work readiness program for 20 hours a week or more, 3) is participating in an approved educational activity/program, 4) is volunteering for a minimum of 20 hours a week, or 5) is meeting any combination or working, work program, or participating in an approved educational activity for a minimum of 20 hours a week. Proposed law provides for exemptions, including medically certified as physically or mentally unfit for employment, pregnant, parent/caretaker of a dependent child under the age of 1 year, parent/caretaker providing care for a dependent child with serious medical conditions or with a disability, or is receiving unemployment compensation and complying with employment requirements of the La. Employment Security Law, or is participating in an approved program of rehabilitation or other treatment for a substance abuse disorder. Proposed law requires the secretary to prepare and submit to CMS a section 1115 waiver application providing for a community engagement program.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Implementing a minimum work/community engagement requirement as a condition of Medicaid eligibility for certain adult Medicaid beneficiaries is anticipated to result in up front IT related costs in Medicaid in FY 19 and/or FY 20 (depending on the time frame of waiver approval), and ongoing costs related to compliance verification and technology maintenance. Overall cost will ultimately depend on a contractor's scope of work associated with Louisiana's 1115 waiver. LDH projects approximately \$80 M in one time costs, and approximately \$15 M in recurring annual costs to implement a community engagement program. Up front costs will likely receive enhanced federal match. LDH's costs projections are generally based on Kentucky's community engagement model, and includes the following elements: One time costs - (\$65 M for system build, \$13.9 M for call center costs, \$1.1 M for mail notifications, \$500 K for waiver application costs). Recurring costs - (\$7.8 M annual system maintenance, \$2.1 M inbound and outbound call center costs, \$1.9 M Case verification contract, \$2.7 M payments to Medicaid Application Center for enrolling eligibles in work program, \$532 K for waiver staff and actuary). Note: Call center in bound and out bound costs are based on 23 cents per call charged by the statewide call center.

Information provided by LDH sent from Kentucky's contractor (Deloitte) indicates up front costs of \$65 M to build out Kentucky's community engagement system (matched at 90%). However, Deloitte further indicated states may utilize more limited technology approaches or services than Kentucky to achieve community engagement programs with less project costs.

Note: To the extent individuals do not comply with the work/community engagement requirements or become employed with earnings in excess of 138% of the federal poverty level, it is assumed the Medicaid program would realize savings due to Medicaid eligibility suspension or termination. Based on current costs for this population, savings would be approximately \$509.90 per member per month. Information provided by the Louisiana Department of Health indicates approximately 376,000 Medicaid expansion enrollees will be subject to the work requirement (of the 475,000 currently enrolled).

REVENUE EXPLANATION

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

Senate Dual Referral Rules
 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}

Evan Brasseaux
Evan Brasseaux
Staff Director