

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 199** HLS 19RS 691
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 23, 2019	6:07 PM	Author: HORTON
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: Medicaid waiver		

MEDICAID OR +\$454,271 GF EX See Note Page 1 of 1
 Establishes the TEFRA option Medicaid waiver program to serve children with disabilities

Proposed law establishes a TEFRA option program in Medicaid. Proposed law provides for eligibility criteria for the TEFRA option. Proposed law provides the TEFRA option program shall offer coverage for all Medicaid state plan services.

Proposed law requires LDH to develop and submit an application for a Medicaid demonstration waiver to the Centers for Medicare and Medicaid Services (CMS) to implement a TEFRA option to provide Medicaid funded benefits to children with disabilities who are otherwise ineligible for such benefits because the income of their household exceeds state established limits for Medicaid eligibility.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$454,271	\$9,249,045	\$9,341,410	\$9,933,800	\$9,526,217	\$38,504,743
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$766,770	\$18,214,775	\$18,396,076	\$19,077,401	\$18,758,751	\$75,213,773
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$1,221,041	\$27,463,820	\$27,737,486	\$29,011,201	\$28,284,968	\$113,718,516

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW					
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

Creating a new Medicaid eligibility group is anticipated to result in a significant increase in Medicaid expenditures in FY 20 and future fiscal years. The Tax Equity and Fiscal Responsibility Act (TEFRA) authorizes states the option to extend Medicaid coverage to children that meet specific criteria that are not ordinarily eligible for Medicaid due to their parent's income. The Louisiana Department of Health estimates approximately 1,613 children would be eligible under this new optional program in FY 20, increasing by 1% enrollment annually. Based on an estimated per member per month costs of \$1,412, total annual Medicaid payments are estimated to exceed \$27 M. The total impact in the first year will depend on how quickly eligible children would be phased into the program. The fiscal note assumes FY 21 is the first full year of the program.

<u>Year</u>	<u>Projected Enrollment</u>	<u>Projected PMPM payment</u>	<u>Total Annual Costs</u>
1	1,613	\$1,412	\$27,334,543 (\$9.2 M SGF, \$18.2 M Federal match)
2	1,629	\$1,412	\$27,605,686 (\$9.3 M SGF, \$18.3 M Federal match)
3	1,645	\$1,412	\$27,876,828 (\$9.4 M SGF, \$18.5 M Federal match)
4	1,661	\$1,412	\$27,147,970 (\$9.5 M SGF, \$18.7 M Federal match)
5	1,678	\$1,412	\$28,436,059 (\$9.6 M SGF, \$18.9 M Federal match)

Administrative Costs:

In addition to an increase in Medicaid payments reflected above, LDH anticipates \$625,000 in additional one-time IT system programming costs associated with updating eligibility and enrollment systems to capture the new eligibility group, and administrative costs associated with preparation and submittal of an 115 waiver application. The cost associated with an 1115 waiver is projected to be approximately \$1.5 M. Costs are associated with consulting and actuarial services (\$500,000) to develop the waiver documents, and waiver evaluation (\$1 M) which is required by CMS. In addition, the department anticipates the need for an additional staff position (Program Manager - \$123,662 annually) to manage the waiver. Note: These estimated costs receive enhanced federal match (between 50% and 75% federal financial participation).

REVENUE EXPLANATION

The bill does not indicate if the new population will be in the Medicaid managed care model or under a fee for service model. To the extent the new population is under Medicaid managed care, the department will generate additional statutory dedication revenues as a result of the provider tax on managed care premiums.

<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}
<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}

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