



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 199** HLS 19RS 691
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 31, 2019	9:42 AM	Author: HORTON
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: Medicaid waiver		

MEDICAID RE1 +\$9,340,656 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 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. Proposed law provides that to the extent practicable, as determined by the secretary, the department shall include TEFRA option beneficiaries in its health insurance premium payment program as a means of maximizing private health insurance coverage of Medicaid enrollees.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$9,340,656	\$9,275,510	\$9,366,614	\$9,457,718	\$37,440,498
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$18,618,887	\$18,330,176	\$18,510,214	\$18,690,252	\$74,149,529
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$27,959,543	\$27,605,686	\$27,876,828	\$28,147,970	\$111,590,027

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	SEE BELOW	SEE BELOW	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	\$0					\$0

EXPENDITURE EXPLANATION

Creating a new Medicaid eligibility group is anticipated to result in a significant increase in Medicaid expenditures in FY 21 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 21, 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 fiscal impact to begin in FY 21, as the bill authorizes up to June 1, 2020 to receive Centers for Medicare and Medicaid Services (CMS) approval.

<u>Year</u>	<u>Projected Enrollment</u>	<u>Projected PMPM payment</u>	<u>Total Annual Costs</u>
FY 21	1,613	\$1,412	\$27,334,543 (\$9.2 M SGF, \$18.2 M Federal match)
FY 22	1,629	\$1,412	\$27,605,686 (\$9.3 M SGF, \$18.3 M Federal match)
FY 23	1,645	\$1,412	\$27,876,828 (\$9.4 M SGF, \$18.5 M Federal match)
FY 24	1,661	\$1,412	\$28,147,970 (\$9.5 M SGF, \$18.7 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. This estimate is based on 5,000 hours for programming and testing at \$125 an hour.

REVENUE EXPLANATION

The bill indicates TEFRA services will be offered exclusively through the Medicaid fee-for-service system unless the department determines that offering TEFRA coverage to persons enrolled in the Medicaid managed care program would be more cost-effective. 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.

Senate <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}	House <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	 Evan Brasseaux Staff Director
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