



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

Fiscal Note On: **HB 370** HLS 20RS 793  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 12, 2020	2:01 PM	<b>Author:</b> THOMAS
<b>Dept./Agy.:</b> LDH/Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medicaid per diem rates		

HEALTH CARE/FACILITIES OR +\$748,890 GF EX See Note Page 1 of 1

Provides for calculation of Medicaid per diem rates for certain intermediate care facilities for people with developmental disabilities

Proposed law requires the Louisiana Department of Health (LDH) to establish a four-bed peer group for ICF/DD facilities for the purpose of per diem reimbursement. The department shall file a state plan amendment with the Centers for Medicare and Medicaid Services (CMS) amending the Medicaid state plan as necessary to establish a four-bed peer group for ICF/DD facility rate calculation. The approved reimbursement methodology provides that the facilities shall receive a fair allocation of the Medicaid share of facility-specific costs directly incurred by such facilities, and that payment of such costs shall be made retroactive to the earliest date allowed by law.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$748,890	\$748,890	\$748,894	\$748,890	\$748,890	<b>\$3,744,454</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$1,539,894	\$1,539,894	\$1,539,894	\$1,539,894	\$1,539,894	<b>\$7,699,470</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u><b>\$0</b></u>
<b>Annual Total</b>	<b>\$2,288,784</b>	<b>\$2,288,784</b>	<b>\$2,288,788</b>	<b>\$2,288,784</b>	<b>\$2,288,784</b>	<b>\$11,443,924</b>

  

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</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>	<u><b>\$0</b></u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Reclassifying existing ICF/DD provider peer groups for the purposes of calculating Medicaid reimbursement is projected to result in \$2.3 M in additional Medicaid expenditures in FY 21 and future fiscal years. Under the current Louisiana Medicaid State Plan, ICF/DD group homes/facilities are grouped by the number of beds (peer group classification). Provider peer group classifications are 1-8 beds, 9-15 beds, 16-32 beds, and 33 or more beds. This measure carves out beds from the 1 to 8 peer group, resulting in a 1 to 4 peer group classification, and a 5 to 8 bed peer group. Based on the current reimbursement methodology, creating a new 1-4 bed peer group is anticipated to result in a higher per diem rate for such ICF providers.

The estimated impact of this measure is based on the following calculations and assumptions:

1. 15 homes reclassified as 1-4 bed group homes (currently in the 1-8 peer group)
2. Existing payment methodology applied to peer group
3. Assume per diem change effective for full year in FY 20

1-4 Bed Provider	Current Rate	Projected New Rate	Rate Increase	Medicaid Days	Cost Increase
Intermittent	\$173.18	\$259.96	\$86.78	4,745	\$411,771
Limited	\$184.54	\$279.70	\$95.16	6,935	\$659,935
Extensive	\$203.86	\$313.36	\$109.40	3,650	\$399,310
Pervasive	\$224.32	\$348.79	\$124.47	6,570	<u>\$817,768</u>
<b>TOTAL</b>					<b>\$2,288,784</b>

Note: Information provided by LDH indicates as a result of the existing rate structure formula, carving out a peer group under this measure is anticipated to result in a rate decrease within the other peer groups. To the extent the department would increase other peer groups rates to avoid a rate reduction, this measure would significantly increase cost to the Medicaid program above the cost reflected in the expenditure table above.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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