

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



Fiscal Note On: **HB 73** HLS 21RS 77

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 15, 2021	1:59 PM	<b>Author:</b> CREWS
<b>Dept./Agy.:</b> LDH/Medicaid		<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> estate recovery		

MEDICAID OR DECREASE GF EX See Note Page 1 of 1  
Requires the La. Department of Health to contract for the administration of the Medicaid estate recovery program

Proposed law requires the Louisiana Department of Health (LDH) to contract for the administration of the estate recovery program through one or more agreements with public private entities. Proposed law authorizes the department, at the discretion of the secretary, to contract on a contingency fee basis for any function of the estate recovery program.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

LDH anticipates approximately \$78,000 in direct savings associated with the elimination of existing in house costs associated with the estate recovery function. LDH spends this amount (\$39,000 SGF and \$39,000 federal match) on a staff augmentation contract with the University of New Orleans. The net impact of this measure will have to contemplate the direct savings offset by the loss of recovery dollars that would have been retained by LDH, as a portion of the recovery dollars under a contingency arrangement will be retained by a vendor. Based on the revenue illustration in the revenue table below, LDH could realize a minimal SGF savings initially under this measure.

**REVENUE EXPLANATION**

LDH anticipates a loss of historical recovery revenue annually as a result of a contractor performing the estate recovery function on a contingency basis. Based on a 12% contingency fee on historical collections averaged over 3 years, the department projects paying a contractor approximately \$52,607 (\$16,900 SGF and \$22,100 federal) of annual collections. Payments from LDH to a private vendor will increase to the extent total recoveries increase under a contingency contract.

Historical level of estate recovery funds are reflected below.

Fiscal Year	Estate Recovery Amount
17/18	\$713,084
18/19	\$661,958
19/20	\$347,152
20/21	\$306,055

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}

*Alan M. Boxberger*

**Alan M. Boxberger**  
**Staff Director**