



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 557** HLS 22RS 741
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 1, 2022	12:05 PM	Author: WILLARD
Dept./Agy.: Medicaid		
Subject: Mandates Up to a 6-Month Contraceptive Supply		Analyst: Patrice Thomas

INSURANCE/HEALTH EN -\$17,771 GF EX See Note Page 1 of 1
 Provides relative to the dispensing of contraceptives

Proposed law defines "contraceptive drugs". Proposed law requires the LA Medicaid program to issued or renewed on or after January 1, 2023, to cover up to a 6-month supply of contraceptive drugs to reimburse for a 6-month supply of contraceptive drugs, with an option to receive the contraceptives onsite at a health provider's office. Proposed law requires the insured to have used the same contraceptive drugs for at least consecutive 6 months before receiving a 6-month supply. Proposed law does not apply to any drug, medicine, or other substance prescribed, dispensed, or distributed that is intended to induce an abortion.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	(\$17,771)	(\$35,541)	(\$35,541)	(\$35,541)	(\$35,541)	(\$159,935)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$8,452)	(\$16,905)	(\$16,905)	(\$16,905)	(\$16,905)	(\$76,072)
Federal Funds	(\$134,217)	(\$268,434)	(\$268,434)	(\$268,434)	(\$268,434)	(\$1,207,953)
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$160,440)	(\$320,880)	(\$320,880)	(\$320,880)	(\$320,880)	(\$1,443,960)

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law will decrease expenditures within LA Department of Health (LDH), Medicaid Program associated with issuing contraceptives drugs in 6-month supply.

LA Department of Health (SGF, Statutory Dedication, and Federal Impact)

Proposed law decreases expenditures within the LA Department of Health (LDH), Medicaid Program. The proposed law requires the Medicaid Program to cover a 6-month supply of contraceptive drugs and allow patients to receive the contraceptives onsite at a health provider's office. Currently, the average dispensing fee is \$4.83 for managed care organization (MCO) providers and \$10.90 for fee-for-service (FFS) providers. Under this measure, LDH anticipates a decrease in pharmacy dispensing fees associated with contraceptives from once every month to once every 6 months as follows:

	Average Member Dispensing Fee	6-Month Contraceptive Claims per Month	Monthly Dispensing Fee Savings	Annual Dispensing Fee Savings
MCO Providers	\$4.83	6,360	\$30,736	\$307,360
FFS Providers	\$10.90	124	<u>\$1,352</u>	<u>\$13,516</u>
			\$32,088	\$320,880

Note: Since the proposed law is effective January 1, 2023, decrease of \$160,440 in FY 23 represents expenditures for 6 months. In FY 24, savings of \$320,880 is estimated (\$35,541 SGF, \$16,905 statutorily dedicated Medical Assistance Trust Fund, and \$268,434 Federal).

REVENUE EXPLANATION

To the extent proposed law decreases total Medicaid expenditures, federal financial participation will decrease (federal match rate).

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

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 Interim Deputy Fiscal Officer