



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 206** SLS 11RS 401

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 24, 2011	4:22 PM	Author: GUILLORY, ELBERT
Dept./Agy.: Health and Hospitals		
Subject: Health Care Compact		Analyst: Shawn Hotstream

INTERGOVERN RELATIONS

OR FF RV See Note

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Provides for the Health Care Compact. (See Act)

Proposed law provides that states may enter into an interstate compact, or The Health Care Compact, for the purposes of self governing health care provision in each member state. Proposed law further creates the Interstate Advisory Health Care Commission to adopt bylaws and policies consistent with the compact, may study issues of health care regulation, make recommendations to member states, shall collect information and data to assist member states in their regulation of health care, and may assess performance of various healthcare programs, and will compile information on the process of health care.

Proposed law provides that each state in the compact shall have the right to federal monies funded by Congress as mandatory spending and not subject to appropriation. The funding shall not be conditional on any action or regulation adopted by the member state.

CONTINUED ON PAGE 2

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This measure authorizes states to enter into an interstate compact for the purpose of regulating healthcare delivery in accordance with the compact (the Health Care Interstate Compact), and grants the legislatures of respective states the primary responsibility to regulate health care. This measure allows member states to suspend all federal rules, regulations, and orders that conflict with state laws and compact regulations. In addition, the bill establishes a compact commission with various responsibilities and duties, including the collection and dissemination of certain healthcare data. The commission is funded by the member states agreed on by the member states. Any expenditure impact associated with compact fees is indeterminable.

REVENUE EXPLANATION

Subject to Congressional approval, this measure provides the state with federal funding (not necessarily subject to federal rules and regulations) up to an amount equal to its current year funding level of all federal state health care expenditures. The bill bases the current year funding level on 2010 federal funding, population factors, and inflation factors (or base healthcare funding x population adjustment x inflation adjustment). Although the bill defines a funding formula and appears to provide for a funding ceiling, the total revenue impact of this legislation is unable to be determined. The bill still grants the state the option to design a health system that may carve out some services and retain some services that will still be subject to federal rules and regulations. As such, it is unclear if this measure totally eliminates the current funding mechanisms under Louisiana Medicaid. Additionally, it is assumed that any federal block funding will be calculated based on the historical funding associated with total federal healthcare expenditures in the state, and not just federal expenditures associated with Louisiana Medicaid, the Charity Hospital System, and state healthcare programmatic offices. Total healthcare expenditures could include, but are not limited to, Medicare, federal grant funding, or any other federal funds paid directly to private providers or local governmental entities (monies that do not flow through the Department of Health and Hospitals).

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<div>H. Gordon Monk</div>
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF 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}	H. Gordon Monk Legislative Fiscal Officer

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Table with 2 columns: Information (Date, Dept./Agy., Subject) and Author/Analyst (Author: GUILLORY, ELBERT; Analyst: Shawn Hotstream)

CONTINUED EXPLANATION from page one: Page 2 of 2
Proposed law provides that Congress establish an initial funding level for each member state based on reasonable estimates.

Proposed law provides for the following related to self regulation and the commission: 1) establishes commission membership appointments; 2) the commission shall be funded by the member states as agreed to by the member states; 3) allows for member withdrawal provisions; and provides for an effective date.

Revenue Explanation: Continued

Note: The specific calculation used to determine a federal funding level is based on the following definitions.
Base healthcare funding = total federal spending on healthcare in the member state during the federal fiscal year 2010
Population adjustment = avg. population in year approved - avg. population in 2010 / avg. population in 2010 - 1
Inflation adjustment = total gross domestic product deflator in year approved / total GDP in 2010

Table with 3 columns: Senate, Dual Referral Rules, House. Includes checkboxes for fiscal cost and tax/fee increase/decrease, and a signature line for H. Gordon Monk, Legislative Fiscal Officer.