



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 355** SLS 14RS 180
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: March 18, 2014 5:52 PM	Author: MILLS
Dept./Agy.: DHH/Medicaid	
Subject: Deficit avoidance	Analyst: Shawn Hotstream

FUNDS/FUNDING OR SEE FISC NOTE GF EX Page 1 of 2

Constitutional amendment to establish a budget stabilization program for Medicaid programs, certain elderly services, rehabilitation services, and other health care services. (2/3-CA13s1(A))
Proposed constitutional amendment provides for a budget stabilization program for Medicaid programs, certain elderly programs, rehabilitation services, and other health care programs. The legislature shall annually appropriate the funds necessary to provide for Medicaid program rates to provider groups, excluding those providers that pay fees that are deposited into a special fund, that are no less than the average Medicaid program rates established for FY 2013/14. The rates may be adjusted annually by establishing a rate of inflation, which rate shall not be a negative.

Proposed constitutional amendment provides that neither the governor nor the legislature may reduce the rates to eliminate a budget deficit, unless a)the reduction does not exceed the average reduction made to the appropriation/reimbursement for other providers in Medicaid and b) the reduction receives the written consent of two thirds of the elected members of each house (or two thirds vote of JLCB if the legislature is not in session) **See page 2**

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	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	\$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	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed constitutional amendment establishes a rate/funding floor for future appropriations for certain Medicaid providers and DHH agencies, rehabilitation services operated by the Louisiana Workforce Commission(LWC), and the Governor’s Office of Elderly Affairs. The rate floor established for Medicaid providers, with exclusions for those providers that pay a provider fee, is no less than the average Medicaid rates established for FY 14. The funding floor for DHH non-Medicaid agencies, rehabilitation services in the LWC, and the Governor’s Office of Elderly Affairs is no less than the level of appropriation for FY 14. In addition, the amendment permits increases to the floor by a rate of inflation (which shall not be a negative).

Specifically, this measure provides limitations relative to future provider rate cuts, and limits cuts to funding levels for certain agencies by eliminating the ability to make targeted reductions in the event of a budget deficit. The governor may only reduce rates if the reduction does not exceed the average reduction made to the rates for other providers (excluding Nursing Facilities, Pharmacy, Intermediate Care Facilities, and Hospital providers) under the Medicaid program, and the reduction receives the written consent of two-thirds of the elected members of each house during session (or two thirds of the members of the Joint Legislative Committee on the Budget if the legislature is not in session). Similarly, targeted agency cuts are not allowed for non Medicaid DHH agencies, rehabilitation services in the LWC, and Elderly Affairs in the Governor’s Office without first meeting legislative approval conditions and across the board reduction conditions reflected in this constitutional amendment.

For illustrative purposes, the total rates and funding levels impacted by this constitutional amendment are reflected below.

\$6.4 B - DHH impacted budget (FY 14 DHH budget net of exclusions, including pharmacy/hospital portion of Bayou Health)
\$43.8 M - Governor’s Office of Elderly Affairs for FY 14
\$47.6 M - Louisiana Rehabilitation Services funding in the Louisiana Workforce Commission for FY 14
\$6.49 B - Total budget impacted

REVENUE EXPLANATION

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

Senate

Dual Referral Rules

House

☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

☐ 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

☐ 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one:

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Proposed constitutional amendment further provides that the legislature shall annually appropriate the funds necessary to provide funding for any health care agency operated by DHH, rehabilitation services operated or managed by the Louisiana Workforce Commission, or Elderly Services program operated by the Governor’s Office of Elderly Affairs not less that the level of appropriation for these agencies/facilities in Fiscal Year 2013/2014.

Proposed constitutional amendment provides that neither the governor nor the legislature may reduce the rates for any health agency under DHH, rehabilitation service agency operated by the Louisiana Workforce Commission, or elderly services program operated by the Governor’s Office of Elderly Affairs to eliminate a budget deficit, unless a)the reductions are proportionally equivalent among all agencies referenced in the proposed constitutional amendment and b) the reduction receives the written consent of two thirds of the elected members of each house (or two thirds of the members of the Joint Legislative Committee on the Budget if the legislature is not in session).

The proposed constitutional amendment provides that the proposition be submitted to voters at the November 4, 2014 election. The November 4, 2014 election is a statewide election, when all precincts in the state are scheduled to be opened. As a regular practice, the Secretary of State budgets for up to 10 constitutional amendments for fall statewide elections.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 John D. Carpenter Legislative Fiscal Officer
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {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}		