



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HCR 1** HLS 16RS 625  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> March 17, 2016 3:15 PM	<b>Author:</b> BACALA
<b>Dept./Agy.:</b> DHH/Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> LaChip	

MEDICAID OR INCREASE SG RV See Note Page 1 of 1  
Increases monthly premiums charged to families receiving services through the LaCHIP Phase V program

Present rule provides for Phase V LaChip, which provides insurance coverage to eligible children whose family income is between 201% and 250% of the family poverty level. Present rule provides for a \$50 per month family premium for LaChip Phase V participation.

Proposed rule provides for an increase in the monthly family premium from \$50 to \$65 per month.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
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>	<b><u>\$0</u></b>
Annual Total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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><u>\$0</u></b>
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed rule provides for an increase in the monthly family premium currently paid by LaChip Phase V participants from \$50 to \$65. Raising premiums by \$15 per month would generate approximately \$345,600 annually. This estimate is based on approximately 1,920 families in Phase V LaChip with 3,113 total enrollees. However, DHH has indicated any increase amount in the monthly premiums under LaChip is required to meet federal maintenance of effort regulations.

Information provided by DHH (2011 Maintenance of Effort letter to DHH) provides certain guidelines relative to LaChip premium authority after the implementation of the Affordable Care Act. The letter indicates premium increases are authorized, however increasing premium amounts prior to 2019 by any amount more than a nominal annual inflationary increase would violate the Maintenance of Effort Medicaid requirements established under the Affordable Care Act. Specifically, the letter states for premiums in effect as of March 23, 2010 for CHIP, a state can adopt, through state plan amendments, certain inflation-related adjustments to those premium levels. The basis for the adjustment amount must be tied to the percentage increase in the Consumer Price Index (Medical) or another state specific index. Depending on the annual index factor DHH would utilize, the 30% premium increase (from \$50 to \$65) as provided for in this bill may exceed the % increase authorized by CMS. It is possible utilization of a separate medical related index would result in a 6 year growth factor equal to or in excess of 30%.

*Note: CPI-M(medical) has increased by approximately 3.1% a year on average since 2010 (19%), however other individual/itemized medical CPI factors (such as hospital related or physician related) have increased by a greater amount since 2010.*