



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 517** HLS 16RS 626
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 4, 2016	5:45 PM	Author: BACALA
Dept./Agy.: DHH/Medicaid		
Subject: Provider Fees		Analyst: Shawn Hotstream

MEDICAID OR INCREASE SD RV See Note Page 1 of 2
Establishes certain provider fees within the Louisiana Medicaid program

Present law provides for a fee for healthcare services provided by the Medicaid program on every nursing facility, every intermediate care facility for people with developmental disabilities, every pharmacy in the state of Louisiana and certain out of state pharmacies, dispensing physicians, and medical transportation providers.
Proposed law provides for DHH to impose fee for healthcare services provided by the Medicaid program on every class of healthcare provider, facility, and service provided for in 42 CFR 433.56.

Proposed law provides that the amount of each fee shall be the maximum nominal amount allowed pursuant to federal Medicaid regulations, not to exceed any cap provided in such regulations.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	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

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

EXPENDITURE EXPLANATION
The revenue generated by imposing additional provider fees will be used as a state match source to draw federal financial participation.

REVENUE EXPLANATION
Proposed law is projected to generate a significant but indeterminable amount of statutory dedication revenue in FY 17 and in future fiscal years. Provider fee revenues are used by DHH as a state match source to draw federal financial participation.

This measure authorizes DHH to impose provider fees on every class of healthcare provider defined under federal rules (42 Code of Federal Regulation 433.56). The bill further requires DHH to assess the maximum level of fee authorized under federal rules on each class of provider, which generally is 6% of a providers patient revenue (total cash collected from gross charges). DHH does not have access or knowledge of net patient revenue collections by provider class. This base data is necessary to determine an accurate estimate of annual revenues that are anticipated to be received by the department. However, based on an extrapolation of Medicaid expenditures and total population in Louisiana, DHH projects annual collections of provider fee revenues of \$1.4 B as a result of this measure. As an illustrative example, based on total healthcare spending in Louisiana (Kaiser State Health Facts, Health Care Spending by state, 2010), a 6% provider fee could generate approximately \$1.8 B annually. The \$1.8 B is an estimate based on total healthcare spending, and likely represents a ceiling. However, base healthcare spending reflected in this illustration, similar to DHH’s extrapolation, may not be an accurate base in order to make an estimate of revenues that may be generated by this measure.

Note: In addition to a limit on assessments on individual categories of providers, a state’s use of provider-specific fees to fund the state share of Medicaid expenditures is limited. Total provider fees utilized in the Medicaid program cannot generally exceed 25% of the state (or non-federal) share of Medicaid expenditures. The level of additional provider fee collections reflected in the fiscal note would likely result in the state exceeding the 25% threshold. The states current use of provider fees represents approximately 8% of state support.

The state currently imposes a provider fee on 3 separate provider classes and Medicaid managed care premiums, that are projected to generate approximately \$247 M in FY 17. To avoid a double count, the annual revenue collections generated from existing provider fees will net against any revenues generated from this measure in order to accurately reflect the net increase in new provider fee revenues in FY 17 and future years. See page 2

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CONTINUED EXPLANATION from page one: Page 2 of 2
This measure authorizes DHH to impose provider fees on every class of healthcare provider defined under federal rules (42 Code of Federal Regulation 433.56). The state would use such revenues from health care provider fees to help finance the state share of Medicaid expenditures. Taxable provider class/services includes inpatient hospital services, outpatient hospital services, nursing facility services, intermediate care facility services for individuals with intellectual disabilities, physician services, home health care services, outpatient prescription drugs, services of managed care organizations, ambulatory surgical center services, dental services, podiatric services, chiropractic services, optometric/optician services, psychological services, therapist services, nursing services, laboratory and x-ray services,and emergency ambulance services.

Senate Dual Referral Rules House

- ☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
- ☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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}


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Legislative Fiscal Officer