

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 324** HLS 16RS 579  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 5, 2016 12:59 PM	<b>Author:</b> JOHNSON, M.
<b>Dept./Agy.:</b> DHH/Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> non emergency services	

MEDICAID OR -\$396,949 GF EX See Note Page 1 of 2  
 Requires a copayment in the Medicaid program for all non emergency services provided by a hospital emergency department

Proposed law provides the Department of Health and Hospitals shall establish a copayment requirement in the Medicaid program for all non emergency services provided to Medicaid enrollees by a hospital emergency department, subject to federal regulations (42 CFR 447.50).

The amount of the copayment shall be the maximum amount allowed under federal regulation.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$396,949)	(\$396,949)	(\$396,949)	(\$396,949)	(\$396,949)	<b>(\$1,984,745)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	(\$654,851)	(\$654,851)	(\$654,851)	(\$654,851)	(\$654,851)	<b>(\$3,274,255)</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>(\$1,051,800)</b>	<b>(\$1,051,800)</b>	<b>(\$1,051,800)</b>	<b>(\$1,051,800)</b>	<b>(\$1,051,800)</b>	<b>(\$5,259,000)</b>
<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
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	(\$654,851)	(\$654,851)	(\$654,851)	(\$654,851)	(\$654,851)	<b>(\$3,274,255)</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>(\$654,851)</b>	<b>(\$654,851)</b>	<b>(\$654,851)</b>	<b>(\$654,851)</b>	<b>(\$654,851)</b>	<b>(\$3,274,255)</b>

**EXPENDITURE EXPLANATION**

Proposed law requires DHH to impose cost sharing for non emergency services furnished in a hospital emergency department. Cost sharing requires certain Medicaid enrollees to make a contribution toward the cost of a Medicaid covered health service. The fiscal note anticipates a reduction in Medicaid costs by implementing copayments up to the maximum allowed (\$8) under federal regulation for non emergency services furnished in an emergency room. Savings are generated as result of reducing payments to providers by the copayment amount paid by the enrollee to the provider (cost avoidance). Based on claims data (date of service from 7/1/14 to 6/0/15), total projected payment savings (payment reductions) in FY 17 resulting from max allowable copays is approximately \$1 M. See illustration below.

Illustration:

2015 ER Visit Services for Non-Emergency Services

Low Acuity Level	ER visits	Copay	Cost avoidance
Level I	33,288	\$8	(\$266,304)
Level II	98,187	\$8	(\$785,496)
	131,475		(\$1,051,800)

Note: CMS rules provide that total premiums and cost sharing may not exceed an aggregate limit of 5% of a family's income. Additional administrative costs are anticipated which are associated with tracking each Medicaid beneficiaries incomes to ensure out of pocket costs do not exceed limits in federal law. DHH intends this administrative duty would be the responsibility of the Bayou Health plans. Additional administrative costs of an indeterminable amount would be incurred by the plans (until determined by the rate actuary), and reflected as an increase adjustment in managed care per member per month premiums. DHH anticipates a nominal increase in the PMPM for this new administrative function. Any new administrative costs would net against savings reflected in the Expenditure table above.

**REVENUE EXPLANATION**

Reductions in Medicaid payments result in a corresponding reduction in federal matching funds. The revenue table above reflects a projected loss of federal matching funds.

- |   |  |              |
|---|--|--------------|
| <u>Senate</u>   | <u>Dual Referral Rules</u>   | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal 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} |              |

*John D. Carpenter*  
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CONTINUED EXPLANATION from page one:

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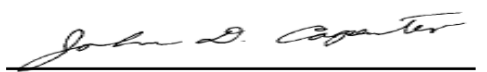
Senate      Dual Referral Rules      House

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}

  
**John D. Carpenter**  
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