	LEGISLA	ATIVE FISCAL OFFICE Fiscal Note							
Eousiana		Fiscal Note On:	<b>HB 173</b> HLS	16RS 586					
。 「Leg諸論tive	Bill Text Version: ORIGINAL								
FisquistOffice		Opp. Chamb. Action:							
		Proposed Amd.:							
		Sub. Bill For.:							
Date: April 6, 2016	5:40 PM	Author: HAVARD							
Dept./Agy.: DHH/Medicaid									
Subject: Cost containment		Analyst: Shawn Hotstream							
MEDICAID		OR GF EX See Note	Page 1 of						

Requires cost sharing for certain Medicaid-covered services and dedicates revenues derived thereof

Proposed law provides that the department (DHH) shall establish cost sharing requirements in the Medicaid program, as authorized under federal rule, for non institutional care, including physician visits, and nonemergency services furnished in a hospital emergency room.

EXPENDITURES	2016-17	<u>2017-18</u>	2018-19	2019-20	2020-21	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	<u>2016-17</u>	<u>2017-18</u>	2018-19	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
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**

Proposed law authorizes DHH to impose <u>cost sharing</u> for for non emergency services furnished in a hospital emergency department and for non institutional care. 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 expenditures by implementing <u>copayments</u> up to the maximum allowed (\$8) under federal regulation for non emergency services furnished in an emergency room, and copayments for non institutional care (outpatient care). <u>Savings are generated as result of reducing payments to providers by the copayment amount paid by the enrollee to the provider (cost avoidance)</u>. Total payment savings from establishing copayments up to the maximum amount allowable on non emergency ER use and non institutional care is estimated to save approximately \$50.3 M in FY 17. See illustration A for ER copay estimate and Illustration B for outpatient copay/coinsurance estimate. <u>Note: Although savings are anticipated</u>, State General Fund savings are not reflected in the Expenditure table above as any cost avoidance (savings) as a result of this measure is redirected to the New Opportunities Waiver (NOW) Fund, to be used for additional wavier slot/services funding.

illustration A:

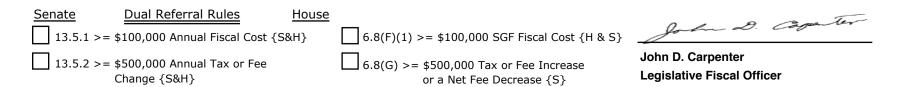
2015 ER Visit Services for Non-Emergency Services

Low Acuity Level Level I Level II	ER visits 33,288 <u>98,187</u> 131 475	Copay \$8 \$8	Cost avoidance (\$266,304) <u>(\$785,496)</u> (\$1.051.800)
	131,475		(\$1,051,800)

See page 2

## **REVENUE EXPLANATION**

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



		LEGISLATIVE FISCAL OFFICE Fiscal Note									
Louisiana				Fiscal Note	On:	HB	173	HLS	16RS	586	
※Legiative	=		Bill Text Version: ORIGINAL								
Fiscalin	e			Opp. Chamb. Act	tion:						
				Proposed Ar	nd.:						
				Sub. Bill F	or.:						
Date:	April 6, 2016	5:40 PM		Author: HAVARD							
Dept./Agy.:	DHH/Medicaid										
Subject:	Cost containment	inment Analyst: Shawn Hotstream									
CONTINUED E	EXPLANATION from	page one:							Page	2 of	2
Illustration B: Non institution	nal care (Outpatient	, Physician s	services, th	nerapist services)							
Non institutior	nal care Copayment	/Coinsurance	e Schedule	<u></u>							
		FPL <	100%	101%-150% (11% of elig pop	)	>150%	6 (1%)	of elig	gible po	op)	
Unit of service	2		\$4	(10% of what agency paid) for selected date of service		•			cy pays f servic		

Unit of service 11,518,204 Payments \$254,285,958

Total cost avoidance (non institutional care)

(\$46,072,817)

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.

(\$2,726,351)

(\$510,774)

(\$49,309,942)

