

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



Fiscal Note On: **HB 390** HLS 19RS 618  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** April 23, 2019 7:22 PM **Author:** WHITE, MALINDA  
**Dept./Agy.:** LDH **Analyst:** Tanesha Morgan  
**Subject:** Reimbursement rates

MEDICAID OR INCREASE GF EX See Note Page 1 of 2  
 Relative to reimbursement rates paid to providers of disability services

Proposed law requires LDH to design all processes and methodologies for setting Medicaid reimbursement rates for providers of disability services to ensure that service recipients have adequate access to services that satisfy all applicable standards and requirements of federal and state law for efficiency, economy, and quality of care. Proposed law requires LDH to establish all rates by a methodology that specifies all factors, procedures, methods, and data used or considered in developing the respective rates. Proposed law requires all rates to be set based on reliable data of the actual or reasonably estimated costs of providing the service to be reimbursed. Proposed law provides that rates for similar services and supports shall be uniform in order to ensure that all providers receive the same rate for the same service. Proposed law requires LDH to conduct annual reviews of all rates and make a determination of the level of sufficiency of each rate. Proposed law requires LDH to rebase rates at least once every two years using the most recent audited cost report data available per the prescribed reimbursement methodology calculations for each covered service.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</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	\$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>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

This measure is anticipated to increase LDH Medicaid expenditures by an indeterminable, but significant amount based on certain reimbursement guidelines anticipated to be used to develop a new rate methodology for payments to disability services providers. Some of the major guidelines include (1) rates can be incorporated consistently in Medicaid fee-for-service, managed care, waiver and state plan authorities, (2) rates be sufficient to enlist a range of willing providers who are able to retain a qualified and stable workforce, and (3) rates allow all recipients to be provided services in the most integrated setting. However, neither a specific reimbursement rate nor a specific methodology is provided in the bill.

For illustrative purposes, LDH estimates a potential impact, based on the guidelines in this bill, of approximately \$173 M in increased payments to various providers in FY 20. However, the actual impact could be more or less depending on actual reimbursement rates or methodology that have yet to be developed.

Service	Current Est. Payments	Projected Revised Payments	Est. Increase
New Opportunities Waiver	\$405,850,339	\$501,223,608	\$95,373,269
Children's Choice Waiver	13,275,638	15,768,268	2,492,630
Supports Waiver	15,632,697	18,266,170	2,633,474
Residential Options Waiver	782,746	858,152	75,406
Adult Day Health Care	6,336,323	7,174,288	837,965
Community Choices Waiver	199,983,443	207,403,859	7,420,415
Long Term Care-Personal Care	291,834,345	328,115,561	36,281,216
<u>Intermediate Care Facility for DD</u>	<u>252,748,564</u>	<u>280,990,050</u>	<u>28,241,486</u>
<b>Total</b>	<b>\$1,186,444,094</b>	<b>\$1,359,799,955</b>	<b>\$173,355,861</b>

Costs associated with these payments are anticipated to be funded with 33.6% State General Fund and 66.4% Federal Funds.

**CONTINUED ON PAGE 2**

**REVENUE EXPLANATION**

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

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**

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LDH also anticipates \$850 K in one-time contract costs related to analyzing cost reports and developing a cost-based reimbursement methodology, and ongoing contract costs of \$170 K annually associated with increased cost report collection and auditing. Additionally, LDH anticipates hiring 7 Program Monitors (\$965,393 salaries and benefits), 4 Business Analytic Specialists (\$340,071 salaries and benefits), and 2 Administrative Coordinators (\$79,162 salaries and benefits) to manage the additional workload associated with annually reviewing reimbursement rates.

Senate Dual Referral Rules

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

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House

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