

## **LDH COVID-19 FISCAL IMPACTS**

The Louisiana Department of Health and its budget are being impacted heavily by the COVID-19 crisis and the following federal aid packages. Major aspects of these impacts are broken out below.

### **The Families First Coronavirus Response Act (6.2% FMAP Shift)**

This federal legislation shifted the Federal Medical Assistance Percentage (FMAP) that each state receives by 6.2%, effective beginning January 1, 2020 until the Secretary for the US Department of Health and Human Services ends his declaration of an emergency.

- The current blended FMAP rate that Louisiana receives before this enhancement is 66.86%. Another way to look at this is that for every dollar Louisiana spends on Medicaid, the federal government spends \$2.02.
- With this enhancement, this will shift the FMAP rate for the second half of state FY 2019-2020, and potentially into the first quarter of state FY 2020-2021 to 73.06% - for every dollar Louisiana spends on Medicaid, the federal government spends \$2.72.
- That equates to an extra \$.69 for every dollar that the state spends on the non-expansion demographic of Medicaid during this COVID crisis.

In order to receive this enhancement, LDH is required to adjust a few aspects of the program's enrollment.

- State governments are not allowed to disenroll anyone from the Medicaid program unless they voluntarily disenroll, have since deceased, or have moved out of state.
- State governments are also not allowed to make the qualifications more strict to enroll new applicants compared to qualifications prior to the COVID crisis.

### **The Coronavirus Aid, Relief, and Economic Security (CARES) Act**

There is still much uncertainty around exactly what effect the CARES Act has for LDH. The CARES Act states that there is money within the legislation that's intended to go to providers for temporary enhancements to reimbursements. Initial estimates have been released on how much each state may get from this legislation, but there will be a clearer picture in two to three weeks.

The legislation also provides funding for the state's response to the COVID-19 crisis directly, a portion of which will go to various agencies throughout LDH, primarily the Office of Public Health.

### **Enrollment**

LDH enrollment application rates have not increased. However, there will still be a growth in enrollment due to the lack of disenrollment as required by the Families First Coronavirus Response Act, but the rate of individuals getting on the rolls isn't changing so far.

- LDH is providing a Medicaid link on the unemployment application site and the Governor is recommending people enroll in press conferences.
- LDH is utilizing a self-attestation policy when evaluating new enrollees for eligibility, which means that LDH is not verifying wages at the time of application.

### **Expenditure Needs for the Department**

Several factors are driving additional expenditures within the department for the second half of state FY 2019-2020. On the Medicaid side, there are a few factors:

- With an overall increase in enrollment, the amount LDH pays in per-member-per-month payments (PMPMs) to Managed Care Organizations (MCOs) will increase. This will offset a portion of the potential savings due to the FMAP shift.
- There will be an increase in expenditures that corresponds to rate increases for providers. Currently, that involves the Nursing Home and Intermediate Care Facilities for the Developmentally Disabled (ICF/DDs). As LDH gets more clarity on the intent and funding levels of the CARES Act, this list of enhancements will change as well.
- There will be an additional cost to cover those uninsured individuals to test and treat COVID-19.

On the programmatic side, there will be a considerable increase in expenditures due to the department's response efforts to the COVID-19 crisis.

### **Rate Increases Status**

Nursing Homes and Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) will have rate increases that utilize the Family First Coronavirus Response Act (FMAP shift) via emergency rule. The rules expire when President Trump and/or Governor Edwards remove the emergency declaration and reinstate in the event of another emergency declaration.

- The Nursing Home rate increase is in the form of a \$12 per day add-on to per diem payments to all privately owned nursing homes. LDH projects this to be about \$28 M total (state portion of \$7.6 M). Effective either 3/1 or 4/1.
- ICF/DDs emergency rule allows facilities to charge for individuals residing at the homes who choose to go to their family residence for more than 45 consecutive days. Up until now, there has been a 45 day limit. LDH projects this to cost about \$6.7 M total, with a state portion of \$1.8 M.