

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Veterans Affairs

AGENDA NO.: 1

AGENCY: Department of Veterans Affairs

ANALYST: Patrice Thomas

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Administrative	\$100,000	0
Interagency Transfers:	\$0	Claims	\$0	0
Self-Generated Revenue:	\$0	Contact Assistance	\$0	0
Statutory Dedications:	\$100,000	State Approval Agency	\$0	0
Federal Funds:	\$0	State Veterans Cemetery	\$0	0
Total	<u>\$100,000</u>	Total	<u>\$100,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase Statutory Dedications budget authority by \$100,000 in the LA Military Family Assistance (MFA) Fund within the LA Department of Veterans Affairs (LDVA). The original source of revenue is private donations made by individuals and corporations directly to the MFA fund. As of 03/06/2017, the MFA unreserved fund balance was \$347,170.

The MFA fund assists members of LA National Guard (LANG) and U.S. Armed Forces Reserves and their families with any financial hardships they may encounter when the members are placed on active-duty status or deployment. Awards from the MFA fund help defray travel expenses for these service members. The Department of Veterans Affairs was informed by the LA National Guard (LANG) of two deployments in May 2017 and June 2017. MFA funding will be used to assist LANG reservists with travel expenses associated with leave before deployment. The projected travel expense for each deployment is \$50,000.

LA Military Family Assistance (MFA) Fund
Balance as of 03/06/2017

Fund Balance	\$812,698
FY 17 Appropriated	<u>\$465,528</u>
Available Balance	\$347,170
BA-7 Request*	<u>(\$100,000)</u>
Projected Balance*	\$247,170

*If BA-7 Request is approved by the Joint Legislative Committee on the Budget (JLCB).

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
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DEPARTMENT: Veterans Affairs

AGENDA NO.: 2

AGENCY: Southeast LA War Veterans Home

ANALYST: Patrice Thomas

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Southeast LA War Veterans Home	\$200,000	0
Interagency Transfers:	\$0			
Self-Generated Revenue:	\$200,000			
Statutory Dedications:	\$0			
Federal Funds:	\$0			
Total	<u>\$200,000</u>	Total	<u>\$200,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase SGR by \$200,000 at the Southeast LA Veterans Home in Reserve. The source of SGR is insurance co-payments, pension, private pay, room rental, and monthly fees from veterans that is used towards the cost of their care. Southeast projects a \$885,753 SGR fund balance at the end of FY 17. Southeast intends to transfer the \$200,000 to LA Department of Veterans Affairs (LDVA) to cover the upfront cost of ground erosion repair and mitigation at the Northeast LA Veterans Cemetery at Rayville in Richland parish and Northwest LA Veterans Cemetery at Keithville in Caddo parish cemeteries. The erosion was caused by severe thunderstorms and flooding during March and April 2016 that washed away several areas of dirt and landscaping at the cemeteries. Information from the LDVA indicates Southeast is lending the funds to the agency. Once LDVA is reimbursed by FEMA, the \$200,000 will be returned to Southeast.

Projected End-of-Year Fund Balance*	\$885,753
BA-7 Request	<u>\$200,000</u>
Projected End-of-Year Balance if BA-7 Approved	\$685,753

*As of 03/06/2017

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Original: Not approved by JLCB**

DEPARTMENT: Veterans Affairs

AGENDA NO.: 3

AGENCY: Department of Veterans Affairs

ANALYST: Patrice Thomas

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Administrative	\$0	0
Interagency Transfers:	\$200,000	Claims	\$0	0
Self-Generated Revenue:	\$362,639	Contact Assistance	\$66,925	0
Statutory Dedications:	\$0	State Approval Agency	\$0	0
Federal Funds:	(\$195,714)	State Veterans Cemetery	\$300,000	0
Total	<u>\$366,925</u>	Total	<u>\$366,925</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is twofold - (1) properly align means of financing; and (2) provide additional SGR budget authority in the Contact Assistance Program and the Veterans Cemetery Program. Specifically, this request adds \$66,925 of SGR in the Contact Assistance Program. The source of SGR is parish contributions toward providing veterans service office. In the Veterans Cemetery Program, this request increases IAT budget authority by \$200,000 to receive funds transferred from Southeast LA Veterans Home (Companion BA-7 #2) as well as properly align means of financing to add \$295,714 of SGR and decrease Federal funds by \$195,714. The source of SGR is fees collected from burials of veteran's spouses.

	<u>Means of Financing (MOF) Adjustments Requested by Program</u>	
	<u>Contact Assistance Program</u>	<u>Veterans Cemetery Program</u>
Interagency Transfers (IAT)	\$ 0	\$200,000
Self-Generated Revenue(SGR)	\$66,925	\$295,714
Federal Funds	<u>\$ 0</u>	<u>(\$195,714)</u>
	\$66,925	\$300,000

Contact Assistance Program - \$66,925

The BA-7 increases SGR budget authority by \$66,925 to fund one-time expenses in the Contact Assistance program.

Expenditures are as follows:

Travel (\$18,765) - Veterans Assistance Counselors (VAC), Regional Managers, Veterans Assistance Paralegal Counselors, and other program staff to attend four more training conferences. The training conferences are needed to address the frequent updates and changes to the US Department of Veterans Affairs benefit claim system.

Operating Services (\$18,965) - To address internet connectivity and remote access issues particularly in field offices in rural parishes.

Supplies (\$8,033) - Additional office supplies are needed in the field offices

Other Charges (\$10,722) - A part-time WAE employee in the Lincoln Parish Service Office who will also work in other field offices on an as-needed basis.

Acquisitions (\$10,440) - Office furniture such as conference table and chairs in the field offices.

Veterans Cemetery Program - \$300,000

The BA-7 utilizes \$200,000 of IAT transferred from the Southeast LA Veterans Home to cover the upfront cost of ground erosion repair and mitigation at the Northeast LA Veterans Cemetery at Rayville in Richland parish and Northwest LA Veterans Cemetery at Keithville in Caddo parish cemeteries. The erosion was caused by severe thunderstorms and flooding during March and April 2016 that washed away several areas of dirt and landscaping. Information from the LA Department of Veterans Affairs (LDVA) indicates Southeast is lending the funds to the agency. Once LDVA is reimbursed by FEMA, the \$200,000 will be returned to Southeast.

In addition, \$100,000 of SGR fund balance from the prior fiscal years will be used for a filtration system at Central LA Veterans Cemetery at Leesville in Vernon parish. The filtration system will remove iron in the water that stains the headstones

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Original: Not approved by JLCB**

as well as the sidewalks and buildings through the sprinkler system.

The means of financing substitution replaces \$195,714 of Federal funds with \$195,714 of SGR for the remaining months of FY 17 to address the anticipated Federal funds shortfall as a result of fewer burials.

	MOF Swap
SGR	\$195,714
Federal	(<u>\$195,714</u>)
	\$0

The LDVA provides burial services free of charge for veterans and allows burials of family members for a fee of \$700. LDVA is able to perform veterans' burials free of charge via a burial allowance of \$747 per burial received from the Federal government. In the development of the FY 17 budget, LDVA projected the number of burials at 970. Presently, based on the average number of burials during the first half of FY 17, LDVA has revised the projected the number of burials to 708. As a result, a Federal funds shortfall of \$195,714 is anticipated.

	Original Projection	Revised Projection	Difference Over/(Under)
Burial Rate	\$747	\$747	\$0
Burials	970	708	(262)
Federal Funds	\$724,590	\$528,876	(<u>\$195,714</u>)

Expenditures are as follows:

Professional Services (\$300,000) - IAT of \$200,000 from Southeast LA Veterans' Home and SGR of \$100,000 to address the filtration at the Leesville cemetery and erosion at the Rayville and Keithville cemeteries.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Amended: Approved by JLCB**

DEPARTMENT: Veterans Affairs

AGENDA NO.: 3

AGENCY: Department of Veterans Affairs

ANALYST: Patrice Thomas

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Administrative	\$0	0
Interagency Transfers:	\$200,000	Claims	\$0	0
Self-Generated Revenue:	\$422,589	Contact Assistance	\$66,925	0
Statutory Dedications:	\$0	State Approval Agency	\$0	0
Federal Funds:	(\$195,714)	State Veterans Cemetery	\$359,950	0
Total	<u>\$426,875</u>	Total	<u>\$426,875</u>	<u>0</u>

I. SUMMARY/COMMENTS

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	<u>Means of Financing (MOF) Adjustments Requested by Program</u>	
	<u>Contact Assistance Program</u>	<u>Veterans Cemetery Program</u>
Interagency Transfers (IAT)	\$ 0	\$200,000
Self-Generated Revenue(SGR)	\$66,925	\$295,714
Federal Funds	<u>\$ 0</u>	<u>(\$195,714)</u>
	\$66,925	\$300,000

Contact Assistance Program - \$66,925

The BA-7 increases SGR budget authority by \$66,925 to fund one-time expenses in the Contact Assistance program.

Expenditures are as follows:

Travel (\$18,765) - Veterans Assistance Counselors (VAC), Regional Managers, Veterans Assistance Paralegal Counselors, and other program staff to attend four more training conferences. The training conferences are needed to address the frequent updates and changes to the US Department of Veterans Affairs benefit claim system.

Operating Services (\$18,965) - To address internet connectivity and remote access issues particularly in field offices in rural parishes.

Supplies (\$8,033) - Additional office supplies are needed in the field offices

Other Charges (\$10,722) - A part-time WAE employee in the Lincoln Parish Service Office who will also work in other field offices on an as-needed basis.

Acquisitions (\$10,440) - Office furniture such as conference table and chairs in the field offices.

Veterans Cemetery Program - \$300,000

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Amended: Approved by JLCB**

as well as the sidewalks and buildings through the sprinkler system.

The means of financing substitution replaces \$195,714 of Federal funds with \$195,714 of SGR for the remaining months of FY 17 to address the anticipated Federal funds shortfall as a result of fewer burials.

	MOF Swap
SGR	\$195,714
Federal	(<u>\$195,714</u>)
	\$0

The LDVA provides burial services free of charge for veterans and allows burials of family members for a fee of \$700. LDVA is able to perform veterans' burials free of charge via a burial allowance of \$747 per burial received from the Federal government. In the development of the FY 17 budget, LDVA projected the number of burials at 970. Presently, based on the average number of burials during the first half of FY 17, LDVA has revised the projected the number of burials to 708. As a result, a Federal funds shortfall of \$195,714 is anticipated.

	Original Projection	Revised Projection	Difference Over/(Under)
Burial Rate	\$747	\$747	\$0
Burials	970	708	(262)
Federal Funds	\$724,590	\$528,876	(<u>\$195,714</u>)

Expenditures are as follows:

Professional Services (\$300,000) - IAT of \$200,000 from Southeast LA Veterans' Home and SGR of \$100,000 to address the filtration at the Leesville cemetery and erosion at the Rayville and Keithville cemeteries.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
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Approved By JLCB**

DEPARTMENT: Economic Development

AGENDA NO.: 4

AGENCY: Business Development

ANALYST: Zachary Rau

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Business Development	\$160,000	0
Interagency Transfers:	\$0	Business Incentives	\$0	0
Self-Generated Revenue:	\$0			
Statutory Dedications:	\$0			
Federal Funds:	\$160,000			
Total	<u>\$160,000</u>	Total	<u>\$160,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase federal budget authority for the Dept. of Economic Development (DED), Office of Business Development by \$160,000. The source of the federal funds is a grant awarded by the federal Small Business Administration's (SBA) State Trade and Export Promotion (STEP) grant initiative, with the primary objectives of increasing the number of small businesses exporting and to increase the value of exports for small businesses currently exporting. The grant has an in-kind match component totaling approximately 33%, or \$53,333, of the grant award. DED is dedicating existing budget authority, personal services expenditure authority, and personnel associated with administering the grant to act as the in-kind match. The grant's term began on 9/30/2016 and ends on 9/29/2017.

DED intends to use the grant funds to assist eligible firms in export efforts by providing partial reimbursement of travel expenses for export-related events such as international trade shows and international buyer program shows. Eligible companies may receive a reimbursement up to \$2,500 for any single export-related activity, and up to \$5,000 for all export-related activities during the term of the grant. The DED will only reimburse travel expenses that it has pre-approved. Companies are selected to participate in the program on an application basis and must meet certain eligibility criteria - such as being based in Louisiana, meeting the SBA definition of "small business," and having a developed exporting strategy - before being allowed to participate.

Note: this BA-7 request was submitted to the Office of Planning and Budget on 1/5/2017, and was not on the final agenda for the February meeting of the Joint Legislative Committee on the Budget. The DED has not spent any funds associated with this BA-7 request, but has entered into contracts for reimbursement with firms pursuant to the terms of the federal grant funding associated with this request, which are contingent upon the request's approval. In the event the BA-7 is not approved, the contracts may be terminated.

II. IMPACT ON FUTURE FISCAL YEARS

This BA-7 request may impact the DED for the first quarter of FY 18, as the term of the grant ends on 9/29/2017. To the extent that DED does not exhaust the grant resources in FY 17, the remaining funds may be carried forward into FY 18 and used prior to the grant's termination date. However, the grant will not affect the remainder of FY 18 beyond the termination date, nor will it affect subsequent FYs.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Economic Development

AGENDA NO.: 5

AGENCY: Business Development

ANALYST: Zachary Rau

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Business Development	\$170,000	0
Interagency Transfers:	\$0	Business Incentives	\$0	0
Self-Generated Revenue:	\$0			
Statutory Dedications:	\$0			
Federal Funds:	\$170,000			
Total	<u>\$170,000</u>	Total	<u>\$170,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase federal budget authority for the Dept. of Economic Development (DED), Office of Business Development by \$170,000. The source of the federal funds is a grant awarded on 2/13/2017, by the federal Economic Development Administration (EDA). The grant has a match component totaling \$175,000 that the DED is meeting by utilizing existing state funding expenditure authority in travel (\$45,000) and other charges (\$130,000). The term of the grant is 1/1/2017, to 6/30/2019.

The purpose of the grant is to develop and implement a predictive investment model for use statewide, which can be used to target and contact businesses that fit the profile of a firm deemed likely to invest in Louisiana. The DED reports that development and implementation of the predictive investment model will occur in two phases and must be completed within 30 months.

Phase I consists of securing a research firm that will identify metrics to develop into the predictive investment model that DED will use to identify and target foreign businesses that may directly invest in Louisiana. The estimated timeframe for completion of Phase I is 3 - 8 months.

Phase II consists of DED testing the predictive investment model's accuracy, then conducting outreach to businesses who fit the framework of firms deemed likely to invest in LA. Furthermore, as DED is conducting outreach, it will simultaneously refine the predictive model based upon the outcomes of its ongoing outreach activities. The estimated timeframe for completion of Phase II is 21 - 24 months.

II. IMPACT ON FUTURE FISCAL YEARS

This BA-7 request may impact the DED for FYs 18 and 19, as the term of the grant ends on 6/30/2019. To the extent the DED does not exhaust the grant resources in FY 17, the remainder of the grant award may be carried forward into FY 18 and FY 19. However, due to the grant award's term, the funds cannot be expended beyond FY 19.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Original: Not approved by JLCB**

DEPARTMENT: Health

AGENDA NO.: 6

AGENCY: Medical Vendor Payments

ANALYST: Shawn Hotstream

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Private Providers	\$0	0
Interagency Transfers:	\$0	Public Providers	\$0	0
Self-Generated Revenue:	\$82,475,174	Medicare Buy-Ins & Supplements	\$0	0
Statutory Dedications:	\$0	Uncompensated Care Costs	\$218,291,889	0
Federal Funds:	\$135,816,715			
Total	<u>\$218,291,889</u>	Total	<u>\$218,291,889</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase both SGR budget authority (\$82,475,174) and Federal funds budget authority (\$135,816,715), for a total increase of \$218,291,889 in Medical Vendor Payments, Uncompensated Care Costs Program. The source of SGR are revenues transferred from various hospital providers and LSU Medical School in New Orleans. The source of Federal funds are Medicaid federal matching funds. Fee revenues will be used as a state match source to make \$218 M in additional Disproportionate Share Hospital (DSH) payments to certain hospitals in FY 17. DSH payments are authorized by the Centers for Medicare & Medicaid Services (CMS) under Medicaid State Plan Amendment 16-0018 (DSH payments to major medical centers in central and northern LA) and State Plan Amendment 10-26 (Low Income & Needy Care Collaboration, or LINCCA).

Note: Total budget authority requested in this BA-7 is overstated by \$10 M, in both SGR budget authority (\$3.774 M) and matching Federal funds authority (\$6.226 M). This is the result of the \$3.7 M in Fee Authority being added in an October 2017 BA-7. The adjusted amount is reflected in the LFO recommendation below. The adjustment to the MOF in this BA-7 does not change the DSH payment schedule reflected below.

Approximately \$82.5 M in revenues will be transferred through an Intergovernmental Transfer (IGT) process to the LA Department of Health (LDH). The illustration below reflects the state match source amounts transferred by provider/medical school.

Match for Additional Hospital Spending:

- \$1,029,854 - Abbeville General Hospital
- \$443,054 - Allen Parish Hospital
- \$16,667,259 - East Jefferson General Hospital
- \$618,869 - Jefferson Parish Human Services Authority
- \$2,447,344 - LaFource Parish Hospital Service District
- \$994,409 - Natchitoches Parish Hospital
- \$1,758,150 - New Orleans East Hospital
- \$5,517,163 - Savoy Medical Center
- \$20,747,048 - Southern Regional Medical Center
- \$2,500,000 - St. Charles Parish Hospital
- \$1,731,302 - St. Tammany Parish Hospital Service District
- \$6,783,928 - LSU Health Sciences Center New Orleans
- \$21,236,794 - North Oaks Medical Center
- \$82,475,174** - TOTAL Fees used as a state match source

The state match source will be used to make a total of \$218.2 M in additional hospital payments (\$135.8 M federal matching funds) to certain hospitals. Additional DSH payments by specific hospital are reflected below.

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Additional Payments by Hospital:

\$9,216,951 - Baton Rouge General
\$8,167,078 - Christus Schumpert
\$25,089,964 - Christus St. Francis Cabrini
\$4,454,685 - Lakeview Medical Center
\$6,328,235 - Ochsner Baton Rouge
\$37,987,047 - Ochsner Foundation
\$3,527,679 - Ochsner Kenner
\$4,128,955 - Ochsner Northshore
\$16,189,021 - Rapides Regional Medical Center
\$20,488,918 - Regional Medical Center of Acadiana
\$8,498,574 - Tulane University
\$25,417,643 - St Francis Medical Center
\$48,797,139 - Willis Knighton Medical Center
\$218,291,889 - TOTAL Additional DSH Payments to Hospitals

Note: For FY 17, there is insufficient room under LA's federal DSH allotment (cap) to implement the additional DSH payments reflected in this BA-7. Based on projected DSH payments in FY 17, available DSH federal fund cap room is \$83,802,835. This BA-7 requests to add an additional \$135 M in Federal funds, exceeding the federal DSH allotment by approximately \$52 M. LDH indicated they will charge against prior year allotments so as to not exceed the DSH cap. Specifically, LDH will charge \$23.6 M against the FY 15 allotment and \$42.4 M against the FY 16 DSH allotment.

II. IMPACT ON FUTURE FISCAL YEARS

Providing these additional payments in FY 18 and future fiscal years will require a similar state match financing mechanism in which providers/medical schools provide the state match source (through and IGT), or will require appropriation of additional SGF or other state match funds.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request at a reduced amount of \$208 M (\$78,701,174 SGR, \$129,590,715 Federal). Total budget authority requested in this BA-7 is overstated by \$10 M, in both SGR (\$3.774 M) and matching Federal funds (\$6.226 M). This is the result of the \$3.7 M in SGR being added in an October 2017 BA-7.

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Amended: Approved by JLCB**

DEPARTMENT: Health

AGENDA NO.: 6

AGENCY: Medical Vendor Payments

ANALYST: Shawn Hotstream

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Private Providers	(\$10,000,000)	0
Interagency Transfers:	\$0	Public Providers	\$0	0
Self-Generated Revenue:	\$78,701,174	Medicare Buy-Ins & Supplements	\$0	0
Statutory Dedications:	\$0	Uncompensated Care Costs	\$218,291,889	0
Federal Funds:	\$129,590,715			
Total	<u>\$208,291,889</u>	Total	<u>\$208,291,889</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase both SGR budget authority (\$82,475,174) and Federal funds budget authority (\$135,816,715), for a total increase of \$218,291,889 in Medical Vendor Payments, Uncompensated Care Costs Program. The source of SGR are revenues transferred from various hospital providers and LSU Medical School in New Orleans. The source of Federal funds are Medicaid federal matching funds. Fee revenues will be used as a state match source to make \$218 M in additional Disproportionate Share Hospital (DSH) payments to certain hospitals in FY 17. DSH payments are authorized by the Centers for Medicare & Medicaid Services (CMS) under Medicaid State Plan Amendment 16-0018 (DSH payments to major medical centers in central and northern LA) and State Plan Amendment 10-26 (Low Income & Needy Care Collaboration, or LINCCA).

Note: Total budget authority requested in this BA-7 is overstated by \$10 M, in both SGR budget authority (\$3.774 M) and matching Federal funds authority (\$6.226 M). This is the result of the \$3.7 M in Fee Authority being added in an October 2017 BA-7. The adjusted amount is reflected in the LFO recommendation below. The adjustment to the MOF in this BA-7 does not change the DSH payment schedule reflected below.

Approximately \$82.5 M in revenues will be transferred through an Intergovernmental Transfer (IGT) process to the LA Department of Health (LDH). The illustration below reflects the state match source amounts transferred by provider/medical school.

Match for Additional Hospital Spending:

- \$1,029,854 - Abbeville General Hospital
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- \$2,447,344 - LaFource Parish Hospital Service District
- \$994,409 - Natchitoches Parish Hospital
- \$1,758,150 - New Orleans East Hospital
- \$5,517,163 - Savoy Medical Center
- \$20,747,048 - Southern Regional Medical Center
- \$2,500,000 - St. Charles Parish Hospital
- \$1,731,302 - St. Tammany Parish Hospital Service District
- \$6,783,928 - LSU Health Sciences Center New Orleans
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- \$82,475,174** - TOTAL Fees used as a state match source

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\$37,987,047 - Ochsner Foundation
\$3,527,679 - Ochsner Kenner
\$4,128,955 - Ochsner Northshore
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\$48,797,139 - Willis Knighton Medical Center
\$218,291,889 - TOTAL Additional DSH Payments to Hospitals

Note: For FY 17, there is insufficient room under LA's federal DSH allotment (cap) to implement the additional DSH payments reflected in this BA-7. Based on projected DSH payments in FY 17, available DSH federal fund cap room is \$83,802,835. This BA-7 requests to add an additional \$135 M in Federal funds, exceeding the federal DSH allotment by approximately \$52 M. LDH indicated they will charge against prior year allotments so as to not exceed the DSH cap. Specifically, LDH will charge \$23.6 M against the FY 15 allotment and \$42.4 M against the FY 16 DSH allotment.

II. IMPACT ON FUTURE FISCAL YEARS

Providing these additional payments in FY 18 and future fiscal years will require a similar state match financing mechanism in which providers/medical schools provide the state match source (through and IGT), or will require appropriation of additional SGF or other state match funds.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request at a reduced amount of \$208 M (\$78,701,174 Fees, \$129,590,715 Federal). Total budget authority requested in this BA-7 is overstated by \$10 M, in both SGR (\$3.774 M) and matching Federal funds (\$6.226 M). This is the result of the \$3.7 M in SGR being added in an October 2017 BA-7.