

## Medical Trust Fund and Provider Base Rate – Good for Seniors, the Disabled and Those in Need

**A VOTE FOR AMENDMENT 1 WOULD** give constitutional protection to provisions in the Louisiana Medical Assistance Trust Fund and establish a baseline compensation rate for healthcare providers that pay provider fees. Currently, the State assesses provider fees on nursing facilities, intermediate care facilities for the developmentally disabled and community pharmacies.

### CURRENT SITUATION

Nursing facilities, intermediate care facilities for the developmentally disabled and community pharmacies are assessed a provider fee deposited into an account known as the Louisiana Medical Assistance Trust Fund. That money is used as a state match to access additional available federal dollars through the Medicaid program. These Medicaid dollars are used to compensate the facilities for the care provided to those with low incomes and others qualified for Medicaid assistance. Most residents of nursing homes and intermediate care facilities for the developmentally disabled rely on the Medicaid program to pay for their health care needs. Essentially, health care providers pay a fee that increases the amount of federal funds flowing into the state, thereby replacing state dollars that would have been required to support health care services for this population at no additional cost to the Louisiana taxpayer. Annually, approximately \$125 million is collected from the provider fee.

### PROPOSED CHANGE

Amendment 1 would: 1) secure funding for the elderly and disabled by granting the Louisiana Medical Assistance Trust Fund the protected status of a constitutionally established fund. It could not be raided for other spending purposes in the annual budget process or during mid-year budget cuts; and 2) set minimum rates paid by the government for health care providers that pay a provider fee. In the event of a budget shortfall, however, the governor may reduce the floor rates with a two-thirds vote of the legislature, provided that the reduction does not exceed the average reduction for other Medicaid providers.

It is important to note that the proposed amendment would **not** authorize new fees, increase existing fees or create new taxes. Also, most states that assess these fees dedicate the fees and matching funds to the health care services that are assessed the fee.

### SUMMARY

Quality health care for the elderly and disabled should be among the state's highest priorities. Funding for these services should receive the maximum possible financial protection. This amendment would provide a measured level of protection for these services by dedicating these funds to support the rapidly growing elderly and disabled population requiring health care services.

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