

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS
FISCAL IMPACT STATEMENT**

LS 7014
BILL NUMBER: HB 1277

NOTE PREPARED: Jan 13, 2026
BILL AMENDED:

SUBJECT: Long Term Care.

FIRST AUTHOR: Rep. Barrett
FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill amends the requirements for a Medicaid Home and Community Based Services (HCBS) waiver. It requires the Office of the Secretary of Family and Social Services (FSSA) to apply to the federal government for: (1) a new Medicaid waiver to provide assisted living services; and (2) an amendment to a specific Medicaid HCBS waiver to establish an individual cost limit of not more than the institutional cost of nursing facility services. It specifies that provisions concerning reimbursement for assisted living services for individuals who are aged and disabled and receiving services under a Medicaid waiver apply to the new assisted living Medicaid waiver. It requires certain Medicaid recipients to choose the recipient's provider of integrated health care coordination. It provides that integrated health care coordination provided by a provider of assisted living services is not duplicative of certain other services.

The bill specifies that an individual is no longer a member of the covered population upon receiving nursing facility services for 100 consecutive days. It provides that on the one hundredth day, the individual is not a member of the covered population and shall receive Medicaid services under a fee for service program. It also requires the FSSA to conduct a comprehensive study of Medicaid reimbursement rates paid to providers of assisted living services.

Effective Date: July 1, 2026.

Explanation of State Expenditures: The bill will have an indeterminate impact on expenditures for the state Medicaid Program. The bill's requirements will increase workload for Family and Social Services Administration (FSSA), but should be able to be implemented using existing staffing and resources.

Additional Information:

Medicaid Waiver: The bill requires the FSSA to apply for a Medicaid waiver to provide assisted living services and to establish a work group, with members appointed by the Governor, of interested stakeholders to assist with the development and implementation of the waiver. This will increase workload for FSSA and the Governor but should be able to be implemented using existing staffing and resources.

The new Medicaid waiver would require that after 100 days of a covered individual receiving services in a health care facility, that the individual be moved out of their managed care program and into a fee-for-service reimbursement program. Any change in state Medicaid expenditures is indeterminable and will depend on the number of individuals covered under the new waiver that spend more than 100 days in a health care facility, the waiver's impact to future capitation rates, and the amount provided for the required fee-for-service reimbursement.

Medicaid is jointly funded between the state and federal governments. The state share of costs for most Medicaid medical services for FFY 2026 is 35%. The state share of administrative costs is 50%. The state share of most Medicaid expenditures is paid from General Fund appropriations.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Dhiann Kinsworthy-Blye, 317-234-1360.