

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

LS 7014
BILL NUMBER: HB 1277

NOTE PREPARED: Feb 27, 2026
BILL AMENDED: Feb 27, 2026

SUBJECT: Health and Human Services Matters.

FIRST AUTHOR: Rep. Barrett
FIRST SPONSOR: Sen. Crider

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: *Medicaid Provisions:* This bill amends the duties of the Office of the Secretary of Family and Social Services (FSSA) concerning Home and Community Based Services (HCBS) waivers. It requires: (1) a provider of waiver services to provide certain documentation to a waiver recipient; (2) a waiver recipient to review the documentation and report errors or inconsistencies; and (3) the recipient's case manager to provide assistance to the recipient in reviewing the documentation and reporting any errors or inconsistencies.

This bill requires the 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 provides that, beginning July 1, 2027, 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.

This bill provides that a provision prohibiting FSSA from reducing reimbursement for home health services expires June 30, 2027. It requires FSSA to collaborate with certain entities to develop a new reimbursement methodology for home health services. It also specifies that public notice of at least six months (rather than one year) must be provided before a health facility service reimbursement that results in a reduction in reimbursement may be changed.

Medicaid Estate Recovery Unit: This bill provides that a claim by the Estate Recovery Unit of the Office of Medicaid Policy and Planning is forever barred unless the Estate Recovery Unit files a claim in the court in

which the decedent's estate is being administered not later than nine months after the date of death of the decedent.

Bureau of Disabilities Services: This bill establishes a time frame in which the Bureau of Disabilities Services must review and approve or deny requests for an increase in service units provided to certain individuals with a disability.

Drug Compounding: This bill amends the definition of “bulk drug substance” for provisions concerning drug compounding.

Effective Date: Upon passage; July 1, 2026.

Explanation of State Expenditures: The bill requires FSSA to collaborate with a home health services association and with home health service providers to develop, and provide to the Legislative Council by November 30, 2026, a new Medicaid reimbursement methodology for home health services. If new rates for home health services are established, it will have an indeterminate impact on state Medicaid expenditures. Also, the bill’s HCBS waiver requirements will have an indeterminate impact on expenditures for the state Medicaid Program. A requirement to transfer waiver slots from the existing HCBS waiver to the newly proposed assisted living waiver is expected to be cost neutral to the Medicaid program.

The bill’s requirements also increase workload for FSSA, the Bureau of Disabilities Services, and the Governor’s Office, but should be able to be implemented using existing staffing and resources.

Additional Information:

Medicaid Provisions: The bill establishes a sunset date of June 30, 2027 for existing language that prohibits FSSA from reducing home health service reimbursements. It also requires FSSA to establish a procedure for documenting compliance regarding HCBS delivered to a Medicaid recipient in accordance with their individual service plan.

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%.

Medicaid Estate Recovery Unit: The bill may reduce workload for FSSA as it extends the time frame that the Medicaid Estate Recovery Unit has to file a claim against a decedent’s estate, from 120 days to nine months after the decedent’s date of death. *[On average, it takes FSSA approximately 30 days to process*

estate recovery claims.]

Bureau of Disabilities Services: The bill will increase workload for the Bureau of Disabilities Services to review and take action on requests regarding service unit increases for individuals receiving HCBS under a Medicaid waiver. This should be able to be implemented using existing staffing and resources.

Explanation of State Revenues: *Medicaid Estate Recovery Unit:* The bill may increase revenue to the Medicaid Estate Recovery Unit to the extent that the state would not have been able to file a claim against a decedent's estates within the 120 day limit.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration; Bureau of Disabilities Services; Medicaid Estate Recovery Unit; Governor's Office.

Local Agencies Affected:

Information Sources:

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