

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

LS 7045
BILL NUMBER: SB 275

NOTE PREPARED: Feb 24, 2026
BILL AMENDED: Feb 23, 2026

SUBJECT: FSSA Fiscal Matters.

FIRST AUTHOR: Sen. Mishler
FIRST SPONSOR: Rep. Lopez

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
 X DEDICATED
 X FEDERAL

IMPACT: State & Local

Summary of Legislation: *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.

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 waivers (waiver). 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 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.

This bill creates an exemption for presumptive eligibility standards. It provides reimbursement exemptions under certain Medicaid programs when operating under a value based health care reimbursement agreement.

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.

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.

The bill also increases workload for FSSA and the Bureau of Disabilities Services, 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 excludes FSSA from certain presumptive eligibility requirements when the presumptive eligibility determination is for an involuntary detainment or commitment. It also requires FSSA establish a procedure for documenting compliance regarding Home and Community Based Services (HCBS) delivered to a Medicaid recipient in accordance with their individual service plan.

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%.

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.

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.]

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: The bill permits locally-owned hospitals to enter into a value based health care reimbursement agreement with a managed care organization (MCO) to accept a Medicaid reimbursement amount from the MCO that differs from the Medicaid reimbursement rate established by FSSA. Any change in hospital revenue from Medicaid services provided will depend on the provisions agreed to within a value based health care reimbursement agreement that the hospital opts to enter into.

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

Local Agencies Affected: Locally-owned hospitals.

Information Sources:

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