

ADVISORY GROUP ON Efficiency and Benchmarking

PROPOSAL #: AGEB # 39

SUBJECT: DHH - Administrative Costs

DATE ADOPTED BY ADVISORY GROUP: 11-4-09

COMMISSION ACTION: \_\_\_\_\_

DATE: \_\_\_\_\_

**RECOMMENDATION:** The Louisiana Department of Health and Hospitals be directed to reduce the administrative costs of the Louisiana Medicaid Program by 20%, which will achieve an annual savings of \$50.4 million.

Summary Description/Nature of Change	Key/Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/ Study
The Louisiana Department of Health and Hospitals be directed to reduce the administrative costs of the Louisiana Medicaid Program by 20%, which will achieve an annual savings of \$50.4 million.	Legislature	To save money and help reduce the deficit in Louisiana's Medicaid Program by reducing the state's Medicaid administrative costs.	Legislation	50.4 million annually	

The Louisiana Streamlining Government Commission finds that Louisiana taxpayers spend \$252 million in administrative costs to administer Louisiana's Medicaid Program, which faces a serious budget shortfall over the next several years. Administrative costs are the lowest priority of expenditures in the Medicaid Program. The Commission recommends to the governor and the Louisiana Legislature that they direct the Louisiana Department of Health and Hospitals to reduce the administrative costs of the Louisiana Medicaid Program by 20%, which will achieve an annual savings of \$50.4 million.