HLS 17RS-2801 ORIGINAL

2017 Regular Session

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HOUSE CONCURRENT RESOLUTION NO. 86

BY REPRESENTATIVES THOMAS, BILLIOT, CONNICK, HENRY, HOFFMANN, MARINO, STAGNI, STOKES, AND TALBOT

HOSPITALS: Urges and requests the La. Dept. of Health to finalize plans for implementing hospital payment reform within the Medicaid program

A CONCURRENT RESOLUTION

2 To urge and request the Louisiana Department of Health to finalize plans for implementing 3 hospital payment reform within the Medicaid program and to make a report to the 4 legislature by a certain date concerning the payment reform effort. 5 WHEREAS, it is imperative as a matter of fiscal and public health policy that 6 Louisiana address the structural problem of over-reliance on supplemental payments in lieu 7 of base rate payments within the Medicaid hospital program; and 8 WHEREAS, in 2014, over twenty percent of this state's entire Medicaid budget was 9 expended on supplemental payments to hospitals, representing the highest rate of such 10 spending in the nation; and 11 WHEREAS, supplemental payments such as those made through the Medicaid 12 disproportionate share hospital program, upper payment limit programs, and full Medicaid 13 pricing programs are expended pursuant to special arrangements with individual hospitals 14 or groups of hospitals; and 15 WHEREAS, relative to the alternative of funding hospital care predominantly 16 through base rate payments, our state's over-reliance on supplemental payments essentially 17 favors some hospitals at the expense of others in funding of care for Medicaid enrollees and 18 the medically indigent; and 19 WHEREAS, this hospital financing practice has evolved over many years in 20 Louisiana; the longstanding neglect of Medicaid base rates for hospitals in this state is

1 illustrated by the fact that the current base rates are derived from hospital cost reports from 2 the year 1994; and 3 WHEREAS, according to an outline of a plan for hospital payment reform published 4 by the Louisiana Department of Health in November, 2016, current spending in the 5 Medicaid hospital program overall is comprised of thirty-nine percent base rate payments 6 and sixty-one percent supplemental payments; and 7 WHEREAS, inverting these figures and causing at least the majority of hospital 8 funding to flow through base rate payments would lead to greater transparency, fairness, and 9 stability in the Medicaid hospital program; and 10 WHEREAS, if this state begins to utilize base rate payments for the majority of its 11 Medicaid hospital program spending, then supplemental payments could be used 12 increasingly as true supplements for purposes such as creating incentives for quality in care, 13 implementing a "money follows the patient" system for indigent care, or providing for a 14 combination of these and any other innovative programs for hospitals; and 15 WHEREAS, leaders at the Louisiana Department of Health are aware of the 16 implications of payment reform for the hospital industry, and have actively engaged 17 participants in that industry in developing a payment reform plan that achieves mutually 18 agreeable goals and is in the best interest of the public. 19 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby 20 urge and request the Louisiana Department of Health to finalize plans for implementing 21 hospital payment reform within the Medicaid program. 22 BE IT FURTHER RESOLVED that the Legislature of Louisiana does hereby urge 23 and request the governing bodies of the licensed hospitals of this state to continue to 24 cooperate with the Louisiana Department of Health in this vitally important matter of public 25 policy as the hospital payment reform plan is finalized. 26 BE IT FURTHER RESOLVED that on or before October 1, 2017, the Louisiana 27 Department of Health shall submit a report addressing its progress in finalizing the hospital 28 payment reform plan to the House Appropriations Committee, the Senate Finance 29 Committee, the House Committee on Health and Welfare, and the Senate Committee on

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Health and Welfare.

- BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
- 2 secretary of the Louisiana Department of Health and the president and chief executive
- 3 officer of the Louisiana Hospital Association.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HCR 86 Original

2017 Regular Session

Thomas

Urges and requests the La. Dept. of Health to finalize plans for implementing hospital payment reform within the Medicaid program.

Urges and requests the governance bodies of La. hospitals to continue to cooperate with the La. Dept. of Health in this initiative.

Requires the La. Dept. of Health to submit a report addressing its progress in finalizing the hospital payment reform plan to the House Appropriations Committee, the Senate Finance Committee, and the legislative committees on health and welfare on or before Oct. 1, 2017.