

2017 Regular Session

HOUSE CONCURRENT RESOLUTION NO. 86

BY REPRESENTATIVES THOMAS, BAGLEY, BILLIOT, CONNICK, HENRY,  
HOFFMANN, HORTON, MARINO, DUSTIN MILLER, POPE, STAGNI,  
STOKES, AND TALBOT

A CONCURRENT RESOLUTION

To urge and request the Louisiana Department of Health to finalize plans for implementing hospital payment reform within the Medicaid program and to make a report to the legislature by a certain date concerning the payment reform effort.

WHEREAS, it is imperative as a matter of fiscal and public health policy that Louisiana address the structural problem of over-reliance on supplemental payments in lieu of base rate payments within the Medicaid hospital program; and

WHEREAS, in 2014, over twenty percent of this state's entire Medicaid budget was expended on supplemental payments to hospitals, representing the highest rate of such spending in the nation; and

WHEREAS, supplemental payments such as those made through the Medicaid disproportionate share hospital program, upper payment limit programs, and full Medicaid pricing programs are expended pursuant to special arrangements with individual hospitals or groups of hospitals; and

WHEREAS, relative to the alternative of funding hospital care predominantly through base rate payments, our state's over-reliance on supplemental payments essentially favors some hospitals at the expense of others in funding of care for Medicaid enrollees and the medically indigent; and

WHEREAS, this hospital financing practice has evolved over many years in Louisiana; the longstanding neglect of Medicaid base rates for hospitals in this state is illustrated by the fact that the current base rates are derived from hospital cost reports from the year 1994; and

WHEREAS, according to an outline of a plan for hospital payment reform published by the Louisiana Department of Health in November 2016, current spending in the Medicaid hospital program overall is comprised of thirty-nine percent base rate payments and sixty-one percent supplemental payments; and

WHEREAS, inverting these figures and causing at least the majority of hospital funding to flow through base rate payments would lead to greater transparency, fairness, and stability in the Medicaid hospital program; and

WHEREAS, if this state begins to utilize base rate payments for the majority of its Medicaid hospital program spending, then supplemental payments could be used increasingly as true supplements for purposes such as creating incentives for quality in care, implementing a "money follows the patient" system for indigent care, or providing for a combination of these and any other innovative programs for hospitals; and

WHEREAS, leaders at the Louisiana Department of Health are aware of the implications of payment reform for the hospital industry, and have actively engaged participants in that industry in developing a payment reform plan that achieves mutually agreeable goals and is in the best interest of the public.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby urge and request the Louisiana Department of Health to finalize plans for implementing hospital payment reform within the Medicaid program.

BE IT FURTHER RESOLVED that the Legislature of Louisiana does hereby urge and request the governing bodies of the licensed hospitals of this state to continue to cooperate with the Louisiana Department of Health in this vitally important matter of public policy as the hospital payment reform plan is finalized.

BE IT FURTHER RESOLVED that the Louisiana Department of Health shall provide full transparency of payments to providers, including all payments from state and federal funds and rates for individual services and aggregate payments to each provider, for all services provided to beneficiaries of health programs funded through the state of Louisiana. A record of payments shall be made available on the Louisiana Department of Health website and updated quarterly.

BE IT FURTHER RESOLVED that on or before October 1, 2017, the Louisiana Department of Health shall submit a report addressing its progress in finalizing the hospital

payment reform plan to the House Committee on Appropriations, the Senate Committee on Finance, the House Committee on Health and Welfare, and the Senate Committee on Health and Welfare.

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

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE