

2018 Regular Session

HOUSE BILL NO. 885

BY REPRESENTATIVE GLOVER

HOSPITALS: Enacts the Safety Net Hospital Preservation Act

1 AN ACT

2 To enact Part I-A of Subchapter B of Chapter 5-D of the Louisiana Revised Statutes of
3 1950, to be comprised of R.S. 40:1182.1 through 1182.5, relative to public financing
4 of certain hospitals; to define and provide relative to the public-private partnership
5 hospitals comprising the safety net hospital system of this state; to provide for
6 allocation and appropriation of Medicaid funding to certain public-private
7 partnership hospitals; to provide for validation by the legislative auditor of certain
8 funding amounts reported by the Louisiana Department of Health; to provide for
9 duties of the Louisiana Department of Health in allocating certain types of Medicaid
10 funding for hospitals; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. Part I-A of Subchapter B of Chapter 5-D of the Louisiana Revised
13 Statutes of 1950, comprised of R.S. 40:1182.1 through 1182.5, is hereby enacted to read as
14 follows:

15 PART I-A. SAFETY NET HOSPITAL PRESERVATION ACT

16 §1182.1. Short title

17 This Part shall be known and may be cited as the "Safety Net Hospital
18 Preservation Act".

1 §1182.2. Legislative findings; purpose

2 A.(1) The legislature strives to ensure that Louisiana's government is
3 responsive to the needs of the people of this state and that the government of this
4 state is accountable, efficient, and effective.

5 (2) Louisiana's system of public hospitals was rapidly transformed beginning
6 in 2012 when the state began a large-scale privatization of these hospitals' operations
7 while continuing to provide graduate medical education at the hospital facilities
8 through the Louisiana State University Health Sciences Centers at Shreveport and
9 New Orleans.

10 (3) Before, during, and after the privatization of the state safety net hospital
11 system, the objects and purposes of the system have included all of the following:

12 (a) Providing access to high-quality medical care for all patients, including
13 the medically indigent and uninsured.

14 (b) Developing the medical and clinical workforce of this state through
15 accredited residency and other health education programs.

16 (c) Operating efficiently and cost-effectively.

17 (d) Working cooperatively with other healthcare providers and agencies to
18 improve health outcomes.

19 B. The purpose of this Part is to provide needed stability in the financing of
20 health care delivered through the state's safety net hospital system and to ensure the
21 system's sustainability.

22 §1182.3. Definitions

23 As used in this Part, the following terms have the meaning ascribed in this
24 Section:

25 (1) "Department" means the Louisiana Department of Health.

26 (2) "Medicaid supplemental hospital funding" means payments made
27 through the Medicaid disproportionate share hospital program, upper payment limit
28 programs, full Medicaid pricing programs, and any Medicaid hospital payments

1 other than base-rate payments which are expended pursuant to special arrangements
2 with individual hospitals or groups of hospitals.

3 (3) "Public-private partnership hospital" means a nonstate privately owned
4 and operated hospital or a partner entity that operates a hospital listed in R.S.
5 17:1519.2(B) pursuant to a cooperative endeavor agreement, contract, or any other
6 type of agreement with the Board of Supervisors of Louisiana State University and
7 Agricultural and Mechanical College or with any other board, commission, agency,
8 department, or office of this state.

9 §1182.4. Medicaid supplemental hospital funding; allocation to certain
10 public-private partnership hospitals

11 A.(1) The secretary of the department shall determine and report to the
12 legislative auditor all of the following:

13 (a) The total combined Medicaid supplemental hospital funding per adjusted
14 occupied bed for the public-private partnership hospitals at Shreveport and Monroe
15 designated in R.S. 17:1519.2(B)(2)(a) and (b).

16 (b) The total combined Medicaid supplemental hospital funding per adjusted
17 occupied bed for the public-private partnership hospital at New Orleans designated
18 in R.S. 17:1519.2(B)(1)(a).

19 (2) The legislative auditor shall examine and validate the funding amounts
20 reported pursuant to Paragraph (1) of this Subsection. If the legislative auditor is
21 unable to validate the amounts reported, he shall notify the secretary of the
22 department, and the secretary shall be required to submit to the auditor for validation
23 recalculated funding amounts in accordance with Paragraph (1) of this Subsection.

24 B. After the Medicaid supplemental hospital funding levels are determined
25 and validated in accordance with Subsection A of this Section, the department shall
26 annually allocate to the hospitals provided for in Subparagraphs (A)(1)(a) and (b) of
27 this Section Medicaid supplemental hospital funding at an equivalent
28 dollar-per-adjusted-occupied-bed rate.

1 C.(1) The total disproportionate share hospital funds appropriated annually
 2 to the hospitals provided for in Subparagraphs (A)(1)(a) and (b) of this Section shall
 3 be no greater than one hundred percent of uncompensated care costs subject to the
 4 hospital-specific disproportionate share hospital payment limit.

5 (2) Any disparity in the total funding amount between the hospitals provided
 6 for in Subparagraphs (A)(1)(a) and (b) of this Section that exists above the maximum
 7 disproportionate share hospital payment amount shall consist of upper payment limit
 8 funds.

9 §1182.5. Implementation

10 The secretary of the department shall promulgate all rules and regulations in
 11 accordance with the Administrative Procedure Act, submit to the Centers for
 12 Medicare and Medicaid Services any Medicaid state plan amendments, and take all
 13 other actions as are necessary to implement the provisions of this Part.

14 Section 2. The allocation of Medicaid supplemental hospital funding by the
 15 Louisiana Department of Health and the appropriation of such funding provided for in R.S.
 16 40:1282.4, as enacted by Section 1 of this Act, shall commence for state fiscal year 2019-
 17 2020.

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)]

HB 885 Engrossed

2018 Regular Session

Glover

Abstract: Provides for the allocation and appropriation of Medicaid supplemental hospital funding to certain hospitals within the state's safety net hospital system.

Proposed law provides legislative findings relative to Louisiana's system of public safety net hospitals, which, since 2012, has been privatized while continuing to provide graduate medical education at its hospital facilities.

Proposed law provides that its purpose is to provide needed stability in the financing of health care delivered through the state's safety net hospital system and to ensure the system's sustainability.

Proposed law requires the secretary of the La. Department of Health (LDH) to determine and report to the legislative auditor all of the following:

- (1) The total combined Medicaid supplemental hospital funding per adjusted occupied bed for the public-private partnership hospitals at Shreveport and Monroe.
- (2) The total combined Medicaid supplemental hospital funding per adjusted occupied bed for the public-private partnership hospital at New Orleans.

Proposed law requires the legislative auditor to examine and validate the funding amounts reported by LDH pursuant to proposed law. Provides that if the legislative auditor is unable to validate the amounts reported, he shall notify the secretary of LDH, and the secretary shall be required to submit to the auditor for validation recalculated funding amounts as required by proposed law.

Proposed law stipulates that after the Medicaid supplemental hospital funding levels are determined and validated in accordance with proposed law, LDH shall annually allocate to the hospitals provided for in proposed law Medicaid supplemental hospital funding at an equivalent dollar-per-adjusted-occupied-bed rate.

Proposed law requires that the total disproportionate share hospital (DSH) funds appropriated annually to the hospitals provided for in proposed law shall be no greater than 100% of uncompensated care costs subject to the hospital-specific DSH payment limit. Provides that any disparity in the total funding amount between the hospitals provided for in proposed law that exists above the maximum DSH payment amount shall consist of upper payment limit funds.

Proposed law provides that the allocation of Medicaid supplemental hospital funding by LDH and the appropriation of such funding provided for in proposed law shall commence for state fiscal year 2019-2020.

Proposed law requires LDH to promulgate all rules and regulations, submit to the federal Medicaid agency any Medicaid state plan amendments, and take all other actions as are necessary to implement the provisions of proposed law.

Proposed law provides that it shall be known as the "Safety Net Hospital Preservation Act".

(Adds R.S. 40:1182.1-1182.5)