

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 885** HLS 18RS 572
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 7, 2018 2:10 PM	Author: GLOVER
Dept./Agy.: LA Dept. of Health/LA Legislative Auditor	Analyst: Zachary Rau
Subject: Safety Net Hospital Preservation Act	

HOSPITALS EG INCREASE GF EX See Note Page 1 of 1
 Enacts the Safety Net Hospital Preservation Act

Proposed law requires the LA Dept. of Health and LA Legislative Auditor to determine the total combined Medicaid supplemental hospitals payments per adjusted occupied bed for the public-private partnership hospitals in Shreveport, Monroe, and New Orleans. Proposed law requires the LLA to examine and validate the funding amounts reported by LDH, and that the LLA shall notify the secretary of LDH, and the secretary shall submit recalculated funding amounts to the LLA. Proposed law requires that after supplemental payment funding levels are determined and validated pursuant to proposed law, LDH shall annually allocate supplemental payments at an equivalent dollar per adjusted occupied bed rate to the hospitals included in proposed law. Proposed law requires that DSH funds appropriated to the hospitals provided for in proposed law shall be no greater than 100% of UCC costs subject to the hospital-specific DSH payment limit. Proposed law further provides that any disparity in the total funding amount between the hospitals provided for in proposed law above the maximum DSH payment amount shall consist of UPL funds. Proposed law provides that allocation of Medicaid supplemental payments as provided for in proposed law shall commence in FY 20. Proposed law requires LDH to promulgate rules and regulations, as well as submit to CMS any necessary state plan amendments to implement proposed law.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The LA Dept. of Health (LDH) reports that proposed law will result in a reallocation of supplemental payments (DSH and UPL payments) between the three public-private partnership (PPP) hospitals in Monroe, New Orleans, and Shreveport. Proposed law directs LDH to allocate supplemental payments to the three hospitals included in proposed law at an equivalent payment per adjusted occupied bed rate. While proposed law does not define "adjusted occupied bed," LDH reports reallocation of funds will not affect state expenditures in the aggregate as the department assumes that any adjustments in supplemental payments will be made within PPP hospital appropriations and/or allocations in a given fiscal year. Furthermore, it is unclear if reallocating supplemental payments between the three hospitals included in proposed law would affect supplemental payment allocations for the PPP hospitals not included in the proposed legislation. Finally, proposed law will increase SGF expenditures for the LA Legislative Auditor (LLA) by an estimated \$55,000 beginning in FY 19 that would be directly billed to LDH or included in the annual allocation of costs for the department.

The LLA reports that verifying payments per adjusted occupied bed for the specific PPP hospitals in the proposed legislation as reported by LDH represents a new duty, and anticipates allocating 500 audit hours per year at a rate of \$110/audit hour to verify payment amounts, or \$55,000 (500 audit hours * \$110/audit hour) annually. The LLA further reports that this would be in addition to the Auditor's regular audit workload, and would be directly billed to LDH or included in the department's annual cost allocation.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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