

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 8** HLS 22RS 323

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 1, 2022	11:08 AM	Author: SCHEXNAYDER
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: hospital stabilization formula		

HOSPITALS EG1 +\$257,146,328 SD RV See Note
Provides for a hospital stabilization formula

Proposed resolution provides for a hospital assessment. Proposed resolution provides the total assessment for the state in FY 23 based on a tiered assessment methodology by hospital provider type. Proposed resolution provides for exclusions to the hospital assessment. Proposed resolution provides for the use of the revenues generated through the assessment. LDH is required to pay hospital reimbursement rates in an amount no less than the reimbursement rates in effect for dates of service on or after January 1, 2022. In addition, revenues generated from the assessment will be used for a directed payment arrangement (upon approval of the Centers for Medicare and Medicaid Services). Proposed resolution provides that in the event CMS approves either an assessment or an acute care hospital preprint different than the provisions set forth in this measure, LDH shall seek ratification of such changes from the Joint Legislative Committee on the Budget. Proposed resolution provides for reporting requirements of LDH. Proposed resolution provides that LDH continue an assessment set forth in HCR 2 of 2021 (prior year assessment) until the assessment under this measure is approved.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$257,145,328	\$0	\$0	\$0	\$0	\$257,145,328
Federal Funds	\$932,558,183	\$0	\$0	\$0	\$0	\$932,558,183
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$1,189,703,511	\$0	\$0	\$0	\$0	\$1,189,703,511

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$257,146,328	\$0	\$0	\$0	\$0	\$257,146,328
Federal Funds	\$932,558,183	\$0	\$0	\$0	\$0	\$932,558,183
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$1,189,704,511	\$0	\$0	\$0	\$0	\$1,189,704,511

EXPENDITURE EXPLANATION

The statutory dedication revenue generated from this assessment will be used to draw federal matching funds for payments for the following: 1) historical inpatient and outpatient rate increases added in prior resolutions (rates in effect for dates of service on or after January 1, 2022 are required to be maintained); 2) a portion of Medicaid expansion costs in FY 23; and 3) to partially fund "directed payments" to hospital providers (subject to CMS approval). The illustration below reflects the projected allocation of the FY 23 assessment revenue that will be used as a state match source for various hospital payments required under this measure.

<u>Assessment</u>	<u>FY 23 tax revenue allocated for base rates/expansion costs</u>	<u>FY 23 tax revenue allocated for Medicaid Directed Payments</u>	<u>FY 23 tax revenue Total</u>
Statutory Ded.	\$114,253,283	\$142,893,045	\$257,146,328

Information provided by LDH indicates total expenditures anticipated to be spent in directed payments is approximately \$2.6 B. The department will require approximately \$483 M in additional state match sources in addition to the portion of the statutory dedication revenues generated under this measure allocated (\$142.8 M) for directed payments. The department anticipates utilizing \$483 M of existing state match resources currently appropriated in the Medicaid budget, including match for Disproportionate Share Hospital (DSH) funding, Medical Assistance Trust Fund (MATF) revenues, and Intergovernmental Transfer (IGT) means of finance. The LFO has requested the total means of finance by specific source that will be used to draw federal funds to make \$2.65 B in modeled directed payments.

REVENUE EXPLANATION

Proposed resolution will generate approximately \$257.1 M in statutory dedication revenue (deposited into the Hospital Stabilization Fund) in FY 23. The total statutory dedication collections reflected in the revenue table above is comprised of the historical hospital assessment (\$114,253,283), and an additional assessment (totaling \$142,893,045) to partially support a hospital directed payment model. Upon approval of CMS of a directed payment arrangement, LDH is authorized to levy and collect a provider assessment on certain hospitals. The assessment rates (%) for FY 22/23 are tiered by hospital, and applied to hospitals' inpatient net patient revenue and outpatient net patient revenue as reported in the Medicare cost report ending in state fiscal year 2019. The rates are reflected below:

- 1) Long-term care, psychiatric and rehabilitation hospitals: 1.13% of inpatient and outpatient net patient revenue
- 2) Certain hospital service district hospitals: 2.03% of inpatient net patient revenue up to \$125 M, 2.03% of outpatient net patient revenue up to \$125 M.
- 3) Acute care hospitals: 2.64% of inpatient net patient revenue up to \$125 M, and 2.74% of outpatient net patient revenue up to \$125 M
- 4) Certain hospital service district hospitals and all other acute care hospitals: 1.13% of inpatient net patient revenue exceeding \$125 M, and 1.13% of outpatient net patient revenue exceeding \$125 M

Note: This resolution excludes certain hospitals from the assessment, including certain acute care hospitals with 40 beds or less, freestanding psychiatric Medicaid DSH hospitals, and rural hospitals as defined in R.S.40:1189.1.

Revenue is not reflected beyond FY 23 as future resolutions must be filed and passed annually by the legislature to generate additional assessment revenue.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
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