

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 167** SLS 15RS 542
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 13, 2015 2:46 PM	Author: BUFFINGTON
Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject: Uncompensated Care Costs payment methodology	

MEDICAID EG NO IMPACT See Note Page 1 of 1
 Provides relative to the Medical Assistance Program. (8/1/15)

Proposed law requires DHH to annually develop and implement a methodology for reimbursing uncompensated care costs for inpatient services provided in non rural acute care hospitals in any parish having a population of not less than one hundred fourteen thousand and not more than one hundred eighteen thousand according to the latest federal decennial census or having a population of not less than two hundred forty five thousand and not more than three hundred thousand according to the latest federal decennial census. The payment methodology shall be reviewed and approved by the House Committee on Health and Welfare and the Senate Committee on Health and Welfare prior to implementation. Proposed law requires the department to calculate the increase in total UCC costs of each non CEA hospital over the cost of the same hospital in 2012 and use this calculation to develop and implement a methodology for reimbursing each non CEA hospital the amount of the increase in UCC. The amount paid to the non-CEA hospitals shall reduce the amount payable directly or indirectly to the CEA hospital.

Proposed law conditions this payment methodology on approval from the Center for Medicare and Medicaid Services (CMS).

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated increase in Disproportionate Share Hospital (DSH) expenditures for uncompensated care costs (UCC) paid by DHH as a result of this measure. This bill appears to reallocate DSH funding for UCC costs between the Cooperative Endeavor Agreement (CEA) hospital in Shreveport and other acute care hospitals within Caddo Parish and Bossier Parish under certain conditions.

DHH will be required annually to calculate changes in total uncompensated care costs of each non CEA hospital in Bossier and Caddo Parish from a base year (2012). DHH anticipates nine (9) non rural acute care hospitals in both parishes meet the criteria. To the extent these non CEA hospitals reflect an increase in UCC costs from the base year, DHH is required to develop and implement an annual inpatient hospital reimbursement formula for uncompensated care costs. The formula is anticipated to result in a redistribution of DSH payments between the non-CEA acute care hospitals in Bossier and Caddo Parish and the CEA public private partnership hospital . Aggregate DSH payments to hospitals in Bossier and Caddo Parish are not anticipated to increase.

Prior to implementation, the payment methodology is subject to approval of the Centers for Medicare and Medicaid Services (CMS), and by the House Committee on Health and Welfare and the Senate Committee on Health and Welfare.

REVENUE EXPLANATION

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

Senate <u>Dual Referral Rules</u> <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	House <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	 John D. Carpenter Legislative Fiscal Officer
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