

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 75** HLS 15RS 1588

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 26, 2015	3:23 PM	Author: KLECKLEY
Dept./Agy.: DHH/Medicaid		Analyst: Shawn Hotstream
Subject: Hospital Stabilization Formula		

HOSPITALS

RE INCREASE SD RV See Note

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Provides for a hospital stabilization formula

Proposed resolution requires the Department of Health and Hospitals to calculate, levy, and collect a hospital assessment for certain hospitals under certain conditions. Proposed law provides for the assessment if the following occur: 1) DHH provides reimbursement for payment for health care services through the implementation of Medicaid expansion on or before April 1, 2016; 2) the applicable federal matching Medicaid funds for newly eligible Medicaid recipients under Medicaid expansion is less than 100%; and 3) approval from the Joint Legislative Committee on the Budget of the proposed assessment, including a list of each hospital that will be assessed.

Proposed resolution provides that the total level of assessment is based on the lesser of the following; 1) the state portion of the cost, excluding federal match, of reimbursement enhancements from the payments for health care services through the implementation of Medicaid expansion which are directly attributable to payments to hospitals, or 2) 1% of the total net patient revenue of all hospitals included assessment (based on Medicare costs ending federal fiscal year 2013). See page 2

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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$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

EXPENDITURE EXPLANATION

If the state expands Medicaid by April, 2016, DHH will levy and collect a fee from certain hospitals in FY 17. The revenue generated from the fee will be used to pay for a portion of the state costs (state costs associated with hospital services provided to the Medicaid population) associated with a Medicaid expansion.

In addition, the resolution sets a target rate of reimbursement for hospital payments (inpatient and outpatient) based on rates in effect as of December 2010 or June 30, 2013 (whichever is greater). These reimbursements would be covered to the extent there are any State General Fund savings generated by an expansion of Medicaid sufficient to cover the cost of the rate increase.

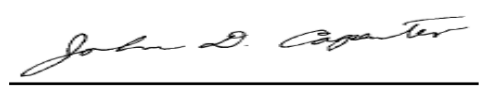
REVENUE EXPLANATION

Proposed resolution provides for a hospital assessment on certain hospitals under certain conditions. The assessment is conditioned upon the expansion of Medicaid coverage by April 1, 2016. If the state expands Medicaid by that date, the assessment would be levied on certain hospitals and collected by DHH in the year the federal match authorized under PPACA (Medicaid expansion FMAP) falls below 100%, or in FY 17.

The amount of revenue generated through the assessment in FY 17 is indeterminable, however the total assessment for that fiscal year will be based on the lesser of two formula options. These include the state portion of the cost of Medicaid expansion associated with hospital costs/payments only, or 1% of the total net patient revenue of all hospitals included in the assessment.

This measure excludes certain hospitals from the assessment. Excluded hospitals include, at a minimum, rural hospitals (defined in R.S. 40:1300.143), hospitals with 60 beds or less, and hospitals certified by Medicare as a separately licensed long term acute care, rehabilitation, or psychiatric hospital.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
| <input 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} |


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CONTINUED EXPLANATION from page one:

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Proposed resolution sets a base funding level for certain hospitals, and defines the base funding level to hospitals based on rates in effect on June 30, 2013, with certain exceptions (Public Private Partnerships and the Low Income and Needy Care Collaboration Agreement).

Proposed law provides for reimbursement enhancements to be used for the hospital services cost (state share) of Medicaid expansion. In addition, DHH shall provide for additional reimbursement enhancements based on rates in effect on December 31, 2010 (or rates in effect on June 30, 2013, whichever is greater), if there are adequate savings generated from the implementation of Medicaid expansion.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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