
DIGEST

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HB 374 Original

2019 Regular Session

Thomas

Abstract: Provides for implementation of a specific hospital payment methodology in the Medicaid hospital program.

Proposed law requires the secretary of the La. Department of Health (LDH) to ensure that the hospital reimbursement system of the Medicaid program of this state adheres to all of the following principles:

- (1) Hospital payments are made according to a "money follows the person" model which minimizes or eliminates disparities in reimbursement to different hospitals for the same service provided to the same Medicaid patient.
- (2) Hospital payments are value-based and tied to clinical outcomes.
- (3) Medicaid reimbursement adequately funds the cost of care that a hospital provides to a Medicaid patient.
- (4) Medicaid payments are equitable across the various hospitals of this state.
- (5) The reimbursement system promotes access to care for Medicaid beneficiaries.

Proposed law requires that the Medicaid hospital reimbursement system, to the maximum extent practicable, rely upon base-rate payments in order to minimize the exposure of this state to risks associated with utilization of supplemental payments.

Proposed law requires that on or before Jan. 1, 2020, the secretary of LDH shall design and implement a payment methodology for hospital inpatient services provided to Medicaid beneficiaries based upon diagnosis-related groups in accordance with the provisions of proposed law. Provides that the payment methodology shall account, at minimum, for all of the following:

- (1) Hospital peer groups.
- (2) Hospitals with high Medicaid volume.
- (3) Capital costs.
- (4) Applicable provisions of present law known as the Rural Hospital Preservation Act.

- (5) Psychiatric hospitals.
- (6) Rehabilitation hospitals.
- (7) Outlier payments.
- (8) Patient transfers.

Proposed law requires that on or before April 1, 2020, and on a semiannual basis thereafter, LDH shall submit a report to the legislative auditor concerning the implementation of the hospital payment methodology provided for in proposed law and provides for the content of the report. Requires that LDH submit each such report to the House Committee on Appropriations, the Senate Committee on Finance, and the House and Senate committees on health and welfare no fewer than 30 days after transmitting the report to the legislative auditor.

Proposed law requires that LDH promulgate in rule the hospital payment methodology provided for in proposed law.

(Adds R.S. 40:1248.1-1248.5)