

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 835

2020 Regular Session

McMahan

MEDICAID: Authorizes local hospital assessments in certain parishes to fund the nonfederal share of Medicaid costs of health care provided in those parishes

Synopsis of Senate Amendments

1. Revises proposed law to stipulate that local provider participation funds may consist, in part, of monies received by a parish from the La. Department of Health (LDH) as a refund of an intergovernmental transfer for the purpose of providing the nonfederal share of Medicaid base rate payments, rather than supplemental payments, to hospitals.
2. Revises proposed law to provide that a parish that collects local hospital assessment payments shall assess those payments in amounts which generate sufficient revenue to cover the administrative expenses of the parish to fund the nonfederal share of a Medicaid base rate payment program, rather than a Medicaid supplemental payment program, for hospitals.
3. In proposed law on reimbursement enhancements for rural institutional providers, amends a requirement that LDH make quarterly estimates of supplemental payments necessary to bring reimbursement to a hospital for certain services up to 100% of reasonable costs to require instead that LDH make quarterly estimates of Medicaid base rate payments that bring reimbursement to the hospital up to this standard.
4. Revises proposed law requiring that the rural institutional provider payment methodology provided for therein shall be implemented as soon as is practicable after it is authorized by federal law to provide instead that the methodology shall be implemented on Jan. 1, 2021, or as soon thereafter as is practicable after it is authorized by federal law.
5. Adds the defined term "governmental institutional provider" and provides that the term means either of the following:
 - a. A nonstate governmental hospital, licensed in accordance with present law, other than a rural hospital as defined in present law.
 - b. A hospital that is included in the definition of "public, nonrural community hospital" within the La. Medicaid State Plan.
6. Provides for a reimbursement enhancement program for governmental institutional providers to be constituted as follows:
 - a. Upon request from a parish in which a governmental institutional provider is located, LDH shall attempt in good faith to execute a cooperative endeavor agreement that is acceptable to the department.
 - b. By September 1, 2020, or as soon thereafter as a cooperative endeavor agreement is effective, LDH shall file a Medicaid state plan amendment with the federal Centers for Medicare and Medicaid Services, referred to hereafter as "CMS", amending the Medicaid state plan provisions governing hospital reimbursement to provide that a governmental institutional provider, as defined in proposed law, shall be reimbursed at a rate which equals or approximates 110%, or, if a reduction is required by CMS, the maximum amount acceptable to CMS, but in no

case less than 100%, of the appropriate reasonable cost of providing hospital inpatient and outpatient services, including but not limited to services provided in a rural health clinic licensed as part of a governmental institutional provider.

- c. The governmental institutional provider payment methodology shall utilize prospective rates approximating costs at the time of service for inpatient acute care and psychiatric services.
 - d. To ensure that outpatient services furnished by governmental institutional providers are reimbursed in the aggregate at 110% of the reasonable costs or such lesser amounts as approved by CMS, but in no case less than 100% of their reasonable costs, LDH shall pay an interim rate for cost-based outpatient services at 110% of reasonable cost during the year and for fee-based services paid on a claim-by-claim basis.
 - e. LDH shall make quarterly estimates of Medicaid base rate payments required to bring reimbursement to the governmental institutional provider for outpatient services up to 100% of reasonable costs and immediately remit such payments to the governmental institutional provider, and, at final settlement, pay such amounts as are necessary to ensure that all outpatient services in the aggregate are paid at 110% of reasonable costs.
7. Requires that the governmental institutional provider payment methodology established in proposed law shall be implemented on Jan. 1, 2021, or as soon thereafter as is practicable after the methodology is authorized by federal law.

Digest of Bill as Finally Passed by Senate

Proposed law provides that its purpose is to generate revenue by collecting from certain institutional healthcare providers a local hospital assessment payment to be used to provide the nonfederal share of a Medicaid payment program directly benefitting the residents of a parish.

Proposed law defines "institutional provider" as a nongovernmental hospital licensed in accordance with present law.

Proposed law defines "rural institutional provider" as a hospital, other than one defined in the Rural Hospital Preservation Act (R.S. 40:1189.3 of present law), that is licensed by the Louisiana Department of Health (LDH), has no more than 60 beds on November 1, 2020, and meets any of the following criteria:

- (1) Is located in a municipality with a population of between 7,000 and 7,500 according to the 2010 census and in a parish with a population of between 30,000 and 35,000 according to the 2010 census (Ville Platte in Evangeline Parish.)
- (2) Is located in a municipality with a population of between 10,000 and 10,500 according to the 2010 census and in a parish with a population of between 80,000 and 90,000 according to the 2010 census (Eunice in St. Landry Parish).
- (3) Is located in a municipality with a population of between 3,000 and 3,500 according to the 2010 census and in a parish with a population of between 30,000 and 35,000 according to the 2010 census (Mamou in Evangeline Parish and Welsh in Jefferson Davis Parish).

Proposed law applies exclusively to the following four parishes:

- (1) Any parish with a population of not less than 40,000 persons and not more than 42,000 persons according to the most recent federal decennial census (Webster Parish).
- (2) Any parish with a population of not less than 46,000 persons and not more than 47,000 persons according to the most recent federal decennial census (Lincoln Parish).
- (3) Any parish in which a rural institutional provider, as defined by proposed law, is located (Evangeline, Jefferson Davis, and St. Landry parishes).

Proposed law creates a local healthcare provider participation program through which an eligible parish may deposit in a local provider participation fund established by the parish all of the following:

- (1) Any local hospital assessment payment from an institutional provider located in the parish.
- (2) Such other sums as the parish deems appropriate.

Proposed law provides that an eligible parish may adopt an ordinance authorizing it to participate in the program, subject to the limitations provided in proposed law.

Proposed law provides that any parishes authorized therein to establish a local provider participation fund may, upon agreement of the governing authorities of each parish, establish all of the following:

- (1) A single fund for the benefit of those parishes.
- (2) A local hospital assessment applicable to the institutional providers, as defined in proposed law, in those parishes.

Proposed law authorizes the governing body of an eligible parish to require a local hospital assessment payment authorized by proposed law from an institutional provider in the parish.

Proposed law provides that an eligible parish may authorize the collection of a local hospital assessment payment only with an affirmative vote of a majority of the members of the governing body of the parish made at a regular or special meeting held no less than 30 days following publication of a notice in the official journal of the parish of intention to authorize the collection of such payment.

Proposed law provides that a parish that collects a local hospital assessment payment shall do all of the following:

- (1) Require each institutional provider to submit to the parish a copy of any financial and utilization data required by and reported to LDH.
- (2) Hold an annual public hearing on the amounts of any local hospital assessment payments that the parish intends to require during the year and how the revenue derived from those payments is to be spent. Entitles a representative of a paying hospital to appear at the hearing to be heard regarding any matter related to the assessment payments.

Proposed law requires each parish that collects a local hospital assessment payment or in which a rural institutional provider is located to create a local provider participation fund. Provides that all income received by a parish pursuant to the provisions of proposed law, including the revenue from local hospital assessment payments remaining after discounts and

fees for assessing and collecting the payments are deducted, shall be deposited in the local provider participation fund of the parish. Provides further that each such fund shall consist of the following monies:

- (1) All revenue received by the parish attributable to local hospital assessment payments authorized by proposed law, including any penalties and interest attributable to delinquent payments.
- (2) Monies received from LDH as a refund of an intergovernmental transfer from the parish to the state for the purpose of providing the nonfederal share of Medicaid base rate payments, provided that the intergovernmental transfer does not receive a federal matching payment.
- (3) Sums which the parish elects to deposit.
- (4) The earnings of the fund.

Proposed law stipulates that monies in a local provider participation fund may only be used for one or more of the following purposes:

- (1) Fund intergovernmental transfers from a parish to the state to provide the nonfederal share of a program of Medicaid payments for the benefit of rural institutional providers or other hospitals in the parish authorized under the state Medicaid plan.
- (2) Pay the administrative expenses of the parish associated exclusively with activities authorized by proposed law in an amount not to exceed 5% of the local hospital assessment payment.
- (3) Refund a portion of a local hospital assessment payment collected in error from a paying hospital.
- (4) Refund to paying hospitals the proportionate share of money received by a parish from the department that is not used to fund the nonfederal share of Medicaid payment program payments described in paragraph (1) above.

Proposed law provides for the basis, calculation, and maximum amounts of local hospital assessment payments.

Proposed law prohibits hospitals that pay local assessments in accordance with proposed law from adding such a payment as a surcharge to a patient.

Proposed law requires parish sheriffs to collect local hospital assessment payments authorized by proposed law. Provides that the sheriff shall charge a fee, in an amount determined by the parish, for collecting those payments and that the fee shall not exceed the usual and customary charges imposed by the sheriff.

Proposed law provides that if any of its provisions cause a local hospital assessment payment to a parish to be ineligible for federal matching funds, then the parish may provide for an alternative provision or procedure that conforms to the requirements of the federal Medicaid agency.

Proposed law establishes methodologies for enhanced reimbursement to rural institutional providers and governmental institutional providers as defined in proposed law. Requires that these reimbursement methodologies be implemented on Jan. 1, 2021, or as soon as is practicable after they are authorized by federal law.

Proposed law requires LDH, on an expedited basis, to take all steps necessary and available to obtain approval from the federal Medicaid agency for the state plan amendment relative to the methodology for enhanced reimbursement to rural institutional providers provided for

in proposed law. Requires further that LDH, immediately upon notification of such approval, promulgate administrative rules to implement the state plan amendment.

(Adds R.S. 40:1248.1-1248.12)