LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On:	**HB 835**	HLS 20RS 1302
Bill Text Version:	**ENROLLED**	
Opp. Chamb. Action:		
Proposed Amd.:		
Sub. Bill For.:		

Date: June 3, 2020 8:05 AM		**Author:** MCMAHEN
Dept./Agy.: LDH/Medicaid		
Subject: hospital assessment		**Analyst:** Shawn Hotstream

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

Proposed law provides for a local hospital assessment on certain hospitals in select parishes. Proposed law creates a local healthcare provider participation program for a parish to deposit in a local fund revenues generated from the assessment. Proposed law provides for the purpose of the assessment revenues, including that monies in the provider participation fund may be used by a parish to fund intergovernmental transfers (IGT's) from the parish to the state (Louisiana Department of Health) to use as a match source (state share) to increase rates to certain hospitals.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	$0	$0	$0	$0	$0	$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	$0	$0	$0	$0	$0	$0
Annual Total						

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	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	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

Medicaid payments to certain hospitals are anticipated to significantly increase annually as a result of this measure. The bill authorizes the use of new local provider taxes or use of other public funds for Intergovernmental Transfer (IGT) financing to provide base rate increases to certain rural institutional hospital providers and governmental institutional providers (and rural health clinics affiliated with such hospitals). Specific hospitals will be reimbursed at a rate up to 110% of their costs of providing hospital inpatient and outpatient services, including but not limited to services provided in a rural health clinic licensed as part of a rural hospital. Hospitals that qualify for base rate increases depend on the hospital provider type (as defined in the bill) and bed count requirements under this measure. LDH indicates up to 10 hospital providers could qualify as "Governmental insitutional providers", and at least 4 hospital providers could qualify as "Rural institutional providers". Note: The legislation requires the tax revenues generated to be sufficient to finance the state effort (match provided through IGT's) to draw the federal matching funds to provide the enhanced rate. In addition, to the extent additional hospitals or affiliated rural health clinics meet the qualifications under this measure, Medicaid expenditures will increase.

REVENUE EXPLANATION

This measure authorizes local taxation in certain parishes for the purpose of providing a state match source for the Medicaid program to use to increase Medicaid payments to certain hospitals. The rate or amount of the hospital assessment is not specified in the bill, and is set by the parish that collects the actual assessment, subject to a maximum payment amount annually (tax can not exceed 6% of the aggregate net patient revenue of all paying hospitals in the respective parish). Note: In addition, it is not clear if this tax measure meets the "uniform and broad based" healthcare related tax requirements under federal code (42 CFR 433.68).

Senate	Dual Referral Rules	House	
[x]	13.5.1 >= $100,000 Annual Fiscal Cost {S & H}	[ ] 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}	*Evan Brasseaux*
[x]	13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}	[ ] 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}	**Evan Brasseaux** **Staff Director**