

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 2** HLS 21RS 531

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2021	4:28 PM	Author: SCHEXNAYDER
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: hospital stabilization formula		

HOSPITALS OR +\$113,459,367 SD RV See Note
Provides for a hospital stabilization formula

Page 1 of 1

Proposed resolution provides for a hospital assessment. Proposed resolution provides the total assessment for the state FY 22 shall not exceed the lesser of the following: 1) the state portion of the costs (non federal share) associated with Medicaid expansion that are directly attributable to payments to hospitals, excluding costs associated with Full Medicaid Pricing, supplemental payments and quality program payments; or 2) 1 percent of the total inpatient and outpatient hospital net patient revenue of all hospitals included in the assessment (as reported in the Medicare cost report ending in state FY 15). Proposed resolution provides that LDH pay hospital reimbursement rates in an amount no less than the reimbursement rates in effect for dates of service on or after January 1, 2021. Proposed resolution provides LDH to submit any state plan amendment to the Centers for Medicare and Medicaid no later than 120 days from the date the resolution is adopted.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$113,459,367	\$81,911,202	\$81,911,202	\$81,911,202	\$81,911,202	\$441,104,175
Federal Funds	\$535,989,526	\$173,025,622	\$173,025,622	\$173,025,622	\$173,025,622	\$1,228,092,014
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$649,448,893	\$254,936,824	\$254,936,824	\$254,936,824	\$254,936,824	\$1,669,196,189

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$113,459,367	\$0	\$0	\$0	\$0	\$113,459,367
Federal Funds	\$535,989,526	\$0	\$0	\$0	\$0	\$535,989,526
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$649,448,893	\$0	\$0	\$0	\$0	\$649,448,893

EXPENDITURE EXPLANATION

The proposed resolution requires that the hospital reimbursement rates in effect on or after January 1, 2021, be maintained. The fiscal note assumes the cumulative rate increases authorized under prior hospital assessment resolutions remain in effect in future years and are not conditioned upon any future assessments (reflected in the expenditure table above for FY 23 through FY 26). Projections provided by LDH reflect the aggregate rate increases are estimated to cost \$254.9 M (\$74 M statutory dedication tax revenue used as state match) annually. The illustration below reflects the projected expenditure allocation of the FY 22 assessment revenue with associated federal matching funds.

Expenditure:	FY 22 Rate Increase	Balance FY 22 tax revenue allocated for Medicaid Expansion costs	FY 22 Total
Stat Ded.	\$74,008,160	\$39,451,207	\$113,459,367
Federal	\$180,928,664	\$355,060,862	\$535,989,526
Total	\$254,936,824*	\$394,512,069	\$649,448,893

*The \$254.9 million is reflected in the totals for FY 23 through FY 26 with differences in the makeup of dedicated and federal funds due to Federal Medical Assistance Percentage (FMAP) rates.

REVENUE EXPLANATION

Proposed resolution will generate approximately \$113.5 M in statutory dedication revenue (Hospital Stabilization Fund) in FY 22. The resolution provides that LDH shall calculate, levy, and collect a hospital provider assessment on certain hospitals. The annual assessment is calculated on the lesser of the following: 1) the state portion of the inpatient hospital costs associated with the Medicaid expansion (estimated to be \$170,676,371); or 2) 1% of the total inpatient and outpatient net patient revenues of all hospitals included in the assessment as reported in the Medicare cost report ending in state FY 15 (estimated to be \$113,459,367). Based on these projections, the assessment for FY 22 will be \$113.5 M, reflected as a statutory dedication revenue increase in the revenue table above. The statutory dedication revenue generated from this assessment will be used to draw federal matching funds for inpatient and outpatient rate increases and for a portion of the Medicaid expansion costs in FY 22. Revenue is not reflected beyond FY 21 as future resolutions must be filed and passed annually by the legislature to generate additional assessment revenue.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
Alan M. Boxberger
Staff Director