

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 8** HLS 22RS 323

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 19, 2022	11:41 AM	Author: SCHEXNAYDER
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: hospital stabilization formula		

HOSPITALS EG +\$106,138,838 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 in FY 23 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, 2022. Proposed resolution exempts any hospital with 32 or fewer beds from the hospital tax. 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	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$106,138,838	\$82,930,949	\$82,930,949	\$82,930,949	\$82,930,949	\$437,862,634
Federal Funds	\$380,876,878	\$172,005,875	\$172,005,875	\$172,005,875	\$172,005,875	\$1,068,900,378
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$487,015,716	\$254,936,824	\$254,936,824	\$254,936,824	\$254,936,824	\$1,506,763,012

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$106,138,838	\$0	\$0	\$0	\$0	\$106,138,838
Federal Funds	\$380,876,878	\$0	\$0	\$0	\$0	\$380,876,878
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$487,015,716	\$0	\$0	\$0	\$0	\$487,015,716

EXPENDITURE EXPLANATION

The proposed resolution requires that the hospital reimbursement rates in effect on or after January 1, 2022, 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 24 through FY 27). Projections provided by LDH reflect the aggregate rate increases are estimated to cost \$254.9 M (\$82.9 M statutory dedication tax revenue used as state match) annually. The illustration below reflects the projected expenditure allocation of the FY 23 assessment revenue with associated federal matching funds.

	FY 23 Rate Increase	Balance FY 23 tax rev allocated for Medicaid expansion costs	FY 23 Total
Statutory Ded.	\$82,930,949	\$23,207,889	\$106,138,838
Federal	\$172,005,875	\$208,871,003	\$380,876,878
Total	\$254,936,824	\$232,078,892	\$487,015,716

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 23.

REVENUE EXPLANATION

Proposed resolution will generate approximately \$106.1 M in statutory dedication revenue (Hospital Stabilization Fund) in FY 23. 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 \$158,634,518); 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). However, only \$106.1 M is projected to be collected in FY 23, based on a provision of this measure that exempts approximately 64 hospitals from the tax (all hospitals with 32 or fewer beds are exempted). Assuming the exemptions, the assessment for FY 23 will be \$106.1 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 23. Revenue is not reflected beyond FY 24 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}

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