

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 176** SLS 11RS 364  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action: **w/ HSE COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 14, 2011 7:05 PM	<b>Author:</b> HEITMEIER
<b>Dept./Agy.:</b> DHH/Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Upper Payment Limit	

HEALTH/HOSPITALS DEPT EG1 FF EX See Note Page 1 of 1

Requires DHH to develop and maintain an upper payment limit financing methodology for all health care providers licensed by DHH. (gov siq)

Proposed law authorizes the Department of Health and Hospitals to develop and maintain a Medicaid upper payment limit financing methodology which incorporates any health care provider licensed by the Department of Health and Hospitals in order to enhance the delivery of health care services to the uninsured and Medicaid patients. Proposed law further provides for the following: 1) the financing methodology must be approved by the Centers for Medicare and Medicaid Services (CMS); 2) authorizes the department to submit waivers or state plan amendments to the CMS in order to secure federal financial participation; and 3) requires that disbursements of the funds generated shall be appropriated in accordance with the approved waiver or state plan amendment. Proposed law is subject to appropriation.

Proposed law allow cooperative endeavor agreements between non state governmental hospitals and other hospitals, persons, or entities which include the transfer of funds for purpose of health care services.

<b>EXPENDITURES</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

This bill grants the Department of Health and Hospitals authority to develop and maintain a Medicaid upper payment limit (UPL) financing methodology that includes any health care provider licensed by the department. Currently, Louisiana Medicaid participates in UPL financing for two provider groups (Physicians and Hospitals). A state's upper payment limit for hospitals is the maximum a state can pay for Medicaid services (or the amount that would be paid for Medicaid services under Medicare payment principles). Upper Payment Limit Financing will result in supplemental Medicaid payments (increased Medicaid expenditures) to various Medicaid licensed providers, as payment rates to these affected providers will be increased. To the extent that the department develops a payment plan utilizing various licensed providers, the supplemental payments would require a state match source. The bill is not specific regarding which entity (state or providers) will generate the state match funds required to draw federal financial participation for any new UPL payments. The state match for Medicaid claims in FY 12 is 30.65%. Any payment as a result of this measure is subject to appropriation.

Additionally, this bill allows certain non state governmental hospitals to enter into a cooperative endeavor agreement with other public hospitals or public entities for the purpose of transferring funds received by the department for the provision of health care services, and that the transfer of funds is considered to be for a public purpose. According to DHH, this provision will not impact the amount of UPL payment that the department will pay to public hospitals, but appears to clarify that these hospitals may transfer such funds to other public entities under a cooperative endeavor agreement.

Note: Information received from the department indicates UPL financing with certain hospital providers would result in the loss of certified public expenditures, which are currently utilized as a state match source in the Medicaid program. The state certifies allowable expenditures (incurred hospital expenses reimbursable from Medicaid) for non-state public acute hospitals, and draws federal financial participation to use in the Medicaid Program. If any supplemental payments would result in a decrease in allowable expenses, CPE's could decrease. To the extent DHH implements this discretionary program for certain public hospitals (non-state publics), Medicaid is anticipated to lose a state match source historically used to fund general Medicaid expenditures. The Executive Budget appropriates approximately \$52 in Certified Public Expenditures from these non state public hospitals.

**REVENUE EXPLANATION**

Any federal funds generated from this program reflect federal financial participation (federal match). The federal match rate in FY 12 is 69.35%.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	<b>H. Gordon Monk</b> Legislative Fiscal Officer