

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



Fiscal Note On: **SB 275** SLS 15RS 608  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** May 17, 2015 1:14 PM **Author:** MARTINY  
**Dept./Agy.:** DHH/Medicaid **Analyst:** Shawn Hotstream  
**Subject:** uncompensated care

FUNDS/FUNDING OR GF EX See Note Page 1 of 1

Provides for the dedication of certain monies to the Hospital Revenue Equalization Fund which is created in the state treasury for the purpose of providing uncompensated care to public, nonstate, nonrural hospitals. (gov siq)

Proposed law creates the Hospital Revenue Equalization Fund in the state treasury.  
Proposed law requires DHH to submit a monthly report to the state treasurer that indicates the amount of certified public expenditures (CPEs) generated by public, non state, non rural community hospitals. The state treasurer shall deposit an amount of CPEs stated in the report into the Hospital Revenue Equalization Fund. Proposed law requires the department to use the monies in the fund for public, non state, non rural community hospitals as state match to draw down additional federal financial participation in the Medicaid program. The federal financial participation shall be used first to increase inpatient and outpatient Medicaid reimbursement rates and maximize allowable uncompensated care cost payments to such hospitals. Then, the remaining funding associated with these CPE's shall be utilized to finance the Medicaid program. Any increase in reimbursement rates shall be based on the rates established for Fiscal Year 2014-2015. Proposed law conditions the provisions of this measure on Centers for Medicare and Medicaid (CMS) approval.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
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Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

To the extent federal funds generated from certified public expenditures are used to increase funding in the hospital program, DHH would have to cut the Medicaid program up to \$164.3 M, or will require \$62.1 M in State General Fund to offset such cuts.

Proposed law re-allocates existing federal funds currently used to finance general Medicaid expenditures, and distributes these funds to certain community hospitals for both Medicaid rate increases and additional Disproportionate Share Hospital (DSH) payments for uncompensated care costs. This measure creates as a priority the increase in inpatient and outpatient reimbursement rates and maximizes DSH payments paid to public, non-state, non-rural community hospitals by the Medicaid program. Then, the balance of these certified funds, if any at all, shall be used to finance the Medicaid program (current allocation).

The table below reflects Medicaid CPE financing.

\$62,164,456 - Federal draw from the certification of Medicaid allowable DSH expenditures from 11 Community Hospitals  
\$102,135,544 - Federal Financial Participation (federal match drawn on \$62.1 M used as a state match source)  
 \$164,300,000 - Total funding used for Medicaid expenditures from Certified Public Expenditures

Note: Use of the federal funds for Community Hospital rate increases under this measure is conditioned upon Centers for Medicare and Medicaid (CMS) approval of a Medicaid State Plan Amendment.

**REVENUE EXPLANATION**

Proposed law creates the Hospital Revenue Equalization Fund in the treasury. Federal matching funds (existing federal revenues annually used in the Medicaid budget) generated through the certification of public expenditure process shall be deposited into the new fund. In addition, this measure eliminates the Community Hospital Stabilization Fund, an exiting treasury fund that receives federal CPE revenues generated in excess of the amount revenues appropriated for CPE expenditures in the General Appropriations Act for FY 10/11.

- Senate Dual Referral Rules House  6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}  
 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}

*John D. Carpenter*  
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