

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 683** HLS 15RS 633
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

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Dept./Agy.: DHH/Medicaid	Analyst: Shawn Hotstream
Subject: Uncompensated Care Costs payment methodology	

HOSPITALS OR NO IMPACT See Note Page 1 of 1

Requires the Department of Health and Hospitals to determine a methodology for reimbursement related to uncompensated care costs in Calcasieu Parish

Proposed law requires DHH to annually develop and implement a methodology for reimbursing uncompensated care costs (UCC) for inpatient services provided in non rural acute care hospitals in Calcasieu Parish. The payment methodology shall be reviewed and approved by the House Committee on Health and Welfare and the Senate Committee on Health and Welfare prior to implementation. Proposed law requires the department to calculate the increase in total UCC costs of each non-CEA hospital over the UCC costs of the same hospital in 2012 and use this calculation to develop and implement a payment methodology for reimbursing each non-CEA hospital the amount of the increase in UCC. The amount paid to the non-CEA hospitals shall reduce the amount payable directly or indirectly to the CEA hospital.

Proposed law conditions this payment methodology on approval from the Centers for Medicare and Medicaid Services (CMS). Proposed law defines a non CEA hospital and a CEA hospital in Calcasieu Parish.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated increase in Disproportionate Share Hospital (DSH) expenditures for uncompensated care costs (UCC) paid by DHH as a result of this measure. This bill appears to reallocate DSH funding for UCC costs between the Cooperative Endeavor Agreement (CEA) hospital (Lake Charles Memorial) and 3 other acute care hospitals within Calcasieu Parish under certain conditions.

DHH will be required annually to calculate changes in total uncompensated care costs of each non CEA hospital in Calcasieu Parish from a base year (2012). Three hospitals in the parish are anticipated to meet the criteria. To the extent these non CEA hospitals reflect an increase in UCC costs from the base year, DHH is required to develop and implement an annual inpatient hospital reimbursement formula for uncompensated care costs. The formula is anticipated to result in a redistribution of DSH payments between non-CEA acute care hospitals in Calcasieu Parish and the CEA public private partnership hospital (Lake Charles Memorial). Aggregate DSH payments to hospitals in Calcasieu Parish are not anticipated to increase.

A schedule of UCC hospital cost reports provided by DHH for 3 hospitals in Calcasieu Parish indicates that 2014 aggregate non-CEA hospital inpatient UCC costs increased by \$8,889,474 over the 3 hospitals 2012 costs. As an illustrative example, to the extent this measure was current law, total UCC payments to Lake Charles Memorial in 2015 would be reduced and re allocated to the 3 non-CEA hospitals by \$8,889,474.

Prior to implementation, the payment methodology is subject to approval of the Centers for Medicare and Medicaid Services (CMS), and by the House Committee on Health and Welfare and the Senate Committee on Health and Welfare.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} |

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