

Regular Session, 2013

HOUSE BILL NO. 532

BY REPRESENTATIVES KLECKLEY AND LEGER

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

FUNDS/FUNDING: (Constitutional Amendment) Provides for a hospital stabilization formula and assessment and creates the Hospital Stabilization Fund and provides for uses of the fund

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A JOINT RESOLUTION

Proposing to add Article VII, Section 10.13 of the Constitution of Louisiana, to provide relative to health care funding; to provide for a hospital stabilization formula; to provide for a hospital assessment; to create the Hospital Stabilization Fund as a treasury fund; to provide for deposit, use, and investment of the fund; to provide for submission of the proposed amendment to the electors; and to provide for related matters.

Section 1. Be it resolved by the Legislature of Louisiana, two-thirds of the members elected to each house concurring, that there shall be submitted to the electors of the state of Louisiana, for their approval or rejection in the manner provided by law, a proposal to amend Article VII, Section 10.13 of the Constitution of Louisiana, to read as follows:

§10.13. Hospital stabilization formula and assessment; Hospital Stabilization Fund
(A) Hospital Stabilization Formula. (1) The legislature may annually adopt a Hospital Stabilization Formula, hereafter referred to in this Section as "the formula", by concurrent resolution by a favorable vote of two-thirds of the elected members of each house. The formula shall, to the maximum extent possible enhance the economic viability of Louisiana hospitals and reduce shifting the cost of caring for Louisiana's needy residents to the state's insured residents.

1 (2) (a) The first formula established pursuant to Subparagraph (1) of this
2 Paragraph shall define and establish as the base rate the payment levels under the
3 Louisiana medical assistance program provided for in Title XIX of the Social
4 Security Act, hereafter referred to as the "Medicaid Program", to hospitals, including
5 rural hospitals, for inpatient and outpatient services in Fiscal Year 2012-2013. Each
6 formula established thereafter shall apply a rate of inflation, which shall not be a
7 negative rate, to the base rate from the previous formula adopted by the legislature.

8 (b) Each formula shall also include and establish assessments to be paid by
9 hospitals, and the basis on which such assessments shall be calculated, provided the
10 amount of the assessments does not exceed the non-federal share of the rate
11 enhancements.

12 (c) Each formula shall also establish reimbursement rate enhancements under
13 the Medicaid Program, or its successor, with the goal of achieving the maximum
14 rates allowed for such payment by federal law and distributing such rate
15 enhancements among hospitals subject to the assessment in proportion to the
16 Medicaid Program services delivered. Rate enhancements may also be distributed
17 for uninsured services delivered.

18 (d) Each formula shall also include any additional provisions necessary to the
19 implementation of the formula.

20 (3) The base rate resulting from the formula shall not be paid from the
21 Hospital Stabilization Fund.

22 (4) The treasurer shall return any assessment to the hospital from which it
23 was collected, and no further assessment shall be collected from any hospital, in a
24 fiscal year in which any of the following occur:

25 (a) The legislature fails to adopt a formula.

26 (b) The Department of Health and Hospitals, or its successor or contractors,
27 reduces or does not pay rate enhancements established in the current formula as
28 adopted by the legislature.

1 (c) The appropriations provided for in Subparagraph (B)(2) of this Section
2 are reduced.

3 (B) Appropriation. (1) The legislature shall annually appropriate an amount
4 necessary to fund the base rate for hospitals established in the most recent formula
5 adopted by the legislature.

6 (2) The legislature shall annually appropriate the anticipated balance of the
7 Hospital Stabilization Fund solely to fund the rate enhancements to hospitals as
8 provided in the most recent formula adopted by the legislature.

9 (3) Notwithstanding Article VII, Section 10(F) of this constitution, neither
10 the governor nor the legislature may reduce the appropriation funding the base rate
11 or the rate enhancements to satisfy a budget deficit, except the governor may reduce
12 the appropriation to the base rate if the following occur:

13 (a) Such reduction is consented to in writing by two-thirds of the elected
14 members of each house in a manner provided by law; and

15 (b) Such reduction does not exceed the average reduction of those made to
16 the appropriations for other providers under the Medicaid Program, or its successor.

17 (C) Hospital Stabilization Fund. There is hereby established as a special fund
18 in the state treasury the Hospital Stabilization Fund, hereafter referred to as "the
19 fund". After compliance with the requirements of Article VII, Section 9(B) of this
20 constitution relative to the Bond Security and Redemption Fund, the treasurer shall
21 deposit all proceeds from the assessment collected in the amounts established in the
22 Hospital Stabilization Formula provided for in this Section. The monies in the fund
23 shall be invested in the same manner as monies in the state general fund and all
24 interest earned on the investment of the fund shall be deposited in and credited to the
25 fund. Appropriations from the fund shall be restricted to funding the rate
26 enhancements established in the Hospital Stabilization Formula adopted by the
27 legislature for the fiscal year in which the assessment is collected. Any amounts
28 remaining in the fund at the end of a fiscal year shall be refunded to the participating
29 hospitals in proportion to the assessments paid.

1 Section 2. Be it further resolved that this proposed amendment shall be submitted
2 to the electors of the state of Louisiana at the statewide election to be held on November 4,
3 2014.

4 Section 3. Be it further resolved that on the official ballot to be used at the election,
5 there shall be printed a proposition, upon which the electors of the state shall be permitted
6 to vote YES or NO, to amend the Constitution of Louisiana, which proposition shall read as
7 follows:

8 Do you support an amendment to authorize the legislature to establish a
9 formula to calculate payments made to hospitals for Medicaid
10 reimbursement of health care services; by creating the Hospital Stabilization
11 Fund; and by depositing assessments paid by hospitals into the fund to
12 support the enhancement of Louisiana hospital reimbursement? (Adds Article
13 VII, Section 10.13)

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Kleckley

HB No. 532

Abstract: Provides for the legislature to establish a formula for funding hospitals by establishing rate increases for hospitals; by establishing an assessment on hospitals; by creating the Hospital Stabilization fund to deposit assessments, and using the monies in the fund for rate enhancements.

Proposed constitutional amendment provides for an annual Hospital Stabilization formula by concurrent resolution by a favorable vote of two-thirds of the elected members of each house. The formula includes:

- (1) A base rate that is the payment levels under the Medicaid Program to hospitals for inpatient and outpatient services in FY 2012-2013 in the first year and each subsequent formula applies a rate of inflation to the base rate from the previous fiscal year.
- (2) Assessments to be paid by Louisiana hospitals, provided the amount of the assessment does not exceed the non-federal share of the rate enhancement.
- (3) Reimbursement rate enhancements for those hospitals subject to an assessment provided for in the formula.
- (4) Any additional provisions necessary to the implementation of the formula.

Proposed constitutional amendment provides that the base rate shall not be paid from the Hospital Stabilization Fund.

Proposed constitutional amendment provides that no assessments shall be collected from any hospital in a fiscal year in which any of the following occur:

- (1) The legislature fails to adopt a formula.
- (2) The Department of Health and Hospitals reduces or does not pay rate enhancements established in the current formula.
- (3) The appropriations provided for in proposed constitutional amendment are reduced.

Proposed constitutional amendment provides for annual appropriation of an amount necessary to fund the base rate for hospitals and appropriate the balance of the Hospital Stabilization Fund created in the proposed constitutional amendment for rate enhancements.

Proposed constitutional amendment provides for reductions to the appropriations if the reduction is consented to in writing by two-thirds of the elected members of each house in a manner provided by law and does not exceed the average reduction of those made to the appropriations for other providers under the Medicaid Program.

Proposed constitutional amendment creates the Hospital Stabilization Fund and provides appropriations only for funding the rate enhancement established in the Hospital Stabilization Formula for the fiscal year in which the assessment is collected. Any amounts remaining in the fund at the end of a fiscal year shall be refunded to the participating hospitals in proportion to the assessments paid.

Provides for submission of the proposed amendment to the voters at the statewide election to be held November 4, 2014.

(Adds Const. Art. VII, Section 10.13)