



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HCR 5** HLS 19RS 279

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: July 3, 2019	8:38 AM	Author: BARRAS
Dept./Agy.: LDH/Medicaid		
Subject: hospital stabilization formula		Analyst: Shawn Hotstream

HOSPITALS

EN +\$93,659,011 SD RV See Note

Page 1 of 1

Provides for a hospital stabilization formula

Proposed resolution provides for a hospital assessment. Proposed resolution provides the total assessment for year 2019 -2020 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 Full Medicaid Pricing 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. Proposed law provides for inpatient and outpatient rate increases. Beginning January 1, 2020, this measure provides inpatient and outpatient reimbursement rate increases for hospitals by an amount equal to the four quarter moving average value or the first quarter of the federal fiscal year 2020, inpatient reimbursement rate increases for certain specialty hospitals indexed to the highest non-state acute hospital per diem in effect on January 1, 2019, and increases outlier payments to no less than 50% of the amount of hospital claims submitted with dates of service in FY 2017 -2018. Proposed law requires LDH to operate under established authority until CMS approves an exemption waiver.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$93,659,011	\$70,626,010	\$70,626,010	\$70,570,449	\$70,626,010	\$376,107,490
Federal Funds	\$453,331,839	\$139,570,449	\$139,570,449	\$139,570,449	\$139,570,449	\$1,011,613,635
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$546,990,850	\$210,196,459	\$210,196,459	\$210,140,898	\$210,196,459	\$1,387,721,125

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$93,659,011	\$0	\$0	\$0	\$0	\$93,659,011
Federal Funds	\$453,331,859	\$0	\$0	\$0	\$0	\$453,331,859
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$546,990,870	\$0	\$0	\$0	\$0	\$546,990,870

EXPENDITURE EXPLANATION

The proposed resolution annualizes rate increases provided for in the FY 18 hospital assessment resolution (HCR 6), and further provides for additional rate increases for certain hospitals and increases outlier pool payments in FY 20. The additional rate increases begin January 1, 2020 (6 month effect). The fiscal note assumes the rate increases remain in effect in future years and are not conditioned upon an assessment (reflected in expenditure table above for FY 21-FY 24). Projections provided by LDH reflect the aggregate rate increases are estimated to cost approximately \$187 M (\$63.1 M statutory dedication state match) in FY 20, and \$210.2 M (\$70.6 M state match) in future fiscal years. The illustration below reflects the projected expenditure allocation of the FY 20 assessment revenue with federal matching funds.

	FY 20 Rate	Funding for Medicaid	
Expenditure:	<u>Increase</u>	<u>Expansion costs</u>	<u>Total</u>
Stat Ded.	\$63,136,926	\$30,522,085	\$93,659,011
Federal	<u>\$124,770,592</u>	<u>\$328,561,267</u>	<u>\$453,331,859</u>
Total	\$187,907,518	\$359,083,352	\$546,990,870

REVENUE EXPLANATION

Proposed resolution will generate approximately \$93.6 M in statutory dedication revenue in FY 20. 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 Medicaid expansion (estimated to be \$93,659,011); or 2) 1% of the total inpatient and outpatient net patient revenue of all hospitals included in the assessment (estimated to be \$118,305,340). Based on these projections, the assessment for FY 20 will be \$93.6 M, reflected as a statutory dedication revenue increase in the revenue table above. Revenue is not reflected beyond FY 20 as future resolutions must be filed and passed annually by the legislature to generate additional assessment revenue.

The Statutory Dedication revenue generated from this measure will be used to draw federal matching funds (\$453.3 M in FY 20) for both rate increases and for a portion of Medicaid expansion costs.

Senate	<u>Dual Referral Rules</u>	House
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input checked="" 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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