

2025 Regular Session

HOUSE CONCURRENT RESOLUTION NO. 2

BY REPRESENTATIVE MCFARLAND

HOSPITALS: Provides for a hospital stabilization formula

1                                   A CONCURRENT RESOLUTION  
2 To provide for a hospital stabilization formula pursuant to Article VII, Section 10.13 of the  
3 Constitution of Louisiana; to establish the level and basis of hospital assessments;  
4 to establish certain reimbursement enhancements for inpatient and outpatient hospital  
5 services; to establish certain criteria for the implementation of the formula; and to  
6 provide for related matters.  
7 WHEREAS, through the adoption of this Resolution, the Legislature of Louisiana  
8 hereby seeks to:  
9 (1) Preserve and enhance the availability of inpatient and outpatient hospital services  
10 for the citizens of Louisiana.  
11 (2) Preserve and protect rural hospitals as provided in the Rural Hospital  
12 Preservation Act, pursuant to R.S. 40:1189.1 et seq.  
13 (3) Enhance the stability of hospital funding by utilizing a fiscally prudent healthcare  
14 driven solution that does not rely on the use of state general funds and provides a reliable  
15 and recurring source of funding for healthcare services.  
16 (4) Minimize the effects of shifting the cost of caring for those Louisiana residents  
17 who are uninsured to those who are able to obtain health insurance.  
18 (5) Create flexibility to design a plan to provide for more efficient and effective  
19 ways to maximize the state's use of monies currently expended for the provision of  
20 healthcare services to the state's low income and uninsured residents.

1 (6) Enhance the financial sustainability of the Medicaid hospital program by  
2 pursuing a hospital directed payment model that is in conformance with the rules and  
3 regulations promulgated by the Centers for Medicaid and Medicare Services.

4 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby  
5 enact the annual hospital stabilization formula pursuant to Article VII, Section 10.13 of the  
6 Constitution of Louisiana:

7 I. Hospital Stabilization Assessment.

8 A.(1) Upon approval by the Centers for Medicare and Medicaid Services of  
9 a directed payment arrangement for inpatient and outpatient hospital services  
10 pursuant to 42 C.F.R. 438.6, the Louisiana Department of Health shall be authorized  
11 to levy and collect an assessment upon those hospitals subject to the approved  
12 directed payment arrangement that is in accordance with the provisions of this  
13 Subsection.

14 (2) Any hospital assessment levied and collected pursuant to this Resolution  
15 shall be levied and collected on a quarterly basis. Prior to the levy of any assessment  
16 pursuant to the provisions of this Resolution, the Louisiana Department of Health  
17 shall submit a Medicaid assessment report to the Joint Legislative Committee on the  
18 Budget. The Medicaid assessment report shall include a description of the proposed  
19 assessment, the basis for the calculation of the assessment, and a listing of each  
20 hospital included in the proposed assessment.

21 B.(1) The hospital assessment for state Fiscal Year 2025-2026 shall be  
22 calculated as the product of the rates set forth as follows and the respective hospitals'  
23 inpatient net patient revenue and outpatient net patient revenue as reported in the  
24 Medicare cost report ending in federal fiscal year 2023:

25 (a) Long-term acute care, psychiatric, and rehabilitation hospitals: 1.38% of  
26 inpatient net patient revenue and 1.38% of outpatient net patient revenue.

27 (b) Hospital Service Districts not included in R.S. 40:1189.1 et seq.: 4.99%  
28 of inpatient net patient revenue up to one hundred twenty-five million dollars and  
29 4.99% of outpatient net patient revenue up to one hundred twenty-five million  
30 dollars.

1 (c) All other acute care hospitals: 6.49% of inpatient net patient revenue up  
2 to one hundred twenty-five million dollars and 6.74% of outpatient net patient  
3 revenue up to one hundred twenty-five million dollars.

4 (d) Hospital Service Districts not included in R.S. 40:1189.1 et seq. and all  
5 other acute care hospitals: 2.36% of inpatient net patient revenue exceeding one  
6 hundred twenty-five million dollars and 2.36% of outpatient net patient revenue  
7 exceeding one hundred twenty-five million dollars.

8 (2) Non-rural, small urban private acute hospitals with forty licensed beds or  
9 less, either as reported in the Medicare cost report ending in federal fiscal year 2023  
10 or as licensed by the Louisiana Department of Health; freestanding psychiatric  
11 Medicaid disproportionate share hospitals; and rural hospitals as defined in  
12 R.S.40:1189.1 et seq. shall be exempt and excluded from the levy of any assessment  
13 implemented pursuant to this Subsection.

14 C. In the event the Centers for Medicare and Medicaid Services does not  
15 approve an assessment consistent with the provisions set forth in this Resolution, the  
16 Louisiana Department of Health shall be authorized to develop a new assessment that  
17 shall be approved by the Joint Legislative Committee on the Budget prior to the levy  
18 of the assessment.

19 D. An assessment levied pursuant to this Resolution shall be levied only for  
20 the quarters that directed payments are actually paid to hospitals pursuant to 42  
21 C.F.R. 438.6 directed payment arrangements as approved by the Centers for  
22 Medicare and Medicaid Services.

## 23 II. Reimbursement Enhancements.

24 A. Upon the implementation of an assessment pursuant to Subsection A of  
25 Section I of this Resolution, the Louisiana Department of Health shall provide for  
26 reimbursement enhancements as follows:

27 (1)(a) Implementation of directed payment arrangement for inpatient and  
28 outpatient hospital services pursuant to 42 C.F.R. 438.6.

1 (i) For acute care hospitals, the methodology shall be implemented in the  
2 manner set forth in the directed payment arrangement submitted to the Centers for  
3 Medicaid and Medicare Services on or before May 31, 2025.

4 (ii) For post-acute care hospitals, the methodology shall be implemented in  
5 the manner set forth in the directed payment arrangement submitted to the Centers  
6 for Medicaid and Medicare Services on or before May 31, 2025.

7 (b) In the event the Centers for Medicare and Medicaid Services does not  
8 approve the directed payment arrangement for inpatient and outpatient hospital  
9 services submitted to the Centers for Medicaid and Medicare Services on or before  
10 May 31, 2025, the Louisiana Department of Health shall be authorized to develop  
11 and submit to the Centers for Medicare and Medicaid Services a new directed  
12 payment arrangement for inpatient and outpatient hospital services and a new  
13 assessment. The Louisiana Department of Health shall obtain the approval of the  
14 Joint Legislative Committee on the Budget prior to implementing either a directed  
15 payment arrangement or levying an assessment pursuant to the provisions of this  
16 Paragraph.

17 (2) Payment for healthcare services through the implementation of a health  
18 coverage expansion of the Louisiana medical assistance program that meets all the  
19 requirements necessary for the state to maximize federal matching funds as set forth  
20 in 42 U.S.C. 1396d(y) of Title XIX of the Social Security Act.

21 (3) For any hospital subject to the assessment levied pursuant to this  
22 Resolution, the payment of hospital reimbursement rates in an amount no less than  
23 the reimbursement rates in effect for dates of service on or after January 1, 2025.

24 B. The Louisiana Department of Health shall publish, on a publicly  
25 accessible website of the department, the approved Centers for Medicare and  
26 Medicaid Services directed payment arrangements within ten days of receiving  
27 approval.

28 C. The Louisiana Department of Health shall publish on a quarterly basis, no  
29 later than thirty days after the end of each quarter, a report containing data directly

1 related to the reimbursement enhancements provided for in this Resolution. The  
2 report shall include the following:

3 (1) The total amount of inpatient and outpatient Medicaid claims paid to  
4 hospitals delineated by each individual hospital Medicaid provider number.

5 (2) The amount of directed payments received by each hospital.

6 (3) Other supplemental payments received by each hospital.

7 III. Administration.

8 The Louisiana Department of Health shall submit any necessary state plan  
9 amendment that may be required in order to implement the provisions of this Resolution to  
10 the Centers for Medicare and Medicaid Services no later than one hundred and twenty days  
11 from the date this Resolution is adopted. In addition, the Louisiana Department of Health  
12 may promulgate any rules and regulations that are necessary and proper to implement the  
13 provisions of this Resolution; however, the final adoption thereof shall not be required in  
14 order to implement and carry out the provisions of this Resolution.

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#### 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)]

HCR 2 Reengrossed

2025 Regular Session

McFarland

Provides for a hospital stabilization formula pursuant to present constitution (Art. VII, §10.13), including assessments and reimbursement enhancements.

Authorizes the La. Dept. of Health (LDH) to levy and collect an assessment upon certain hospitals in accordance with the approved arrangement once the Centers for Medicare and Medicaid Services (CMS) approves the state's proposed directed payment arrangement. Requires any such assessment to be collected on a quarterly basis.

Requires LDH to calculate, collect, and levy an assessment from hospitals to be calculated as the product of the rates set forth below and the respective hospitals' inpatient net patient revenue and outpatient net patient revenue as reported in the Medicare cost report ending in federal Fiscal Year 2023:

- (1) Long-term acute care, psychiatric and rehabilitation hospitals: 1.38% of inpatient net patient revenue and 1.38% of outpatient net patient revenue.
- (2) Hospital Service Districts not classified as rural hospitals pursuant to present law (R.S. 40:1189.1 et seq.): 4.99% of inpatient net patient revenue up to \$125 M and 4.99% of outpatient net patient revenue up to \$125 M.
- (3) All other acute care hospitals: 6.49% of inpatient net patient revenue up to \$125 M and 6.74% of outpatient net patient revenue up to \$125 M.

- (4) Hospital Service districts not classified as rural hospitals pursuant to present law (R.S. 40:1189.1 et seq.) and all other acute care hospitals: 2.36% of inpatient net patient revenues exceeding \$125 M and 2.36% of outpatient net patient revenue exceeding \$125 M.

Exempts the following hospitals from the assessment:

- (1) Non-rural, small urban private acute hospitals with 40 licensed beds or less, either as reported in the Medicare cost report ending in federal fiscal year 2023 or as licensed by LDH.
- (2) Freestanding psychiatric Medicaid disproportionate share hospitals.
- (3) Rural hospitals as defined in present law (R.S. 40:1189.1 et seq.).

Restricts the levy of the assessment to only the quarters in which directed payments are made to hospitals.

Requires LDH to develop a new assessment and obtain approval of the Joint Legislative Committee on the Budget (JLCB) prior to levy, if CMS does not approve an assessment consistent with the proposed formula.

Provides for reimbursement enhancements as follows:

- (1) Implementation of directed payment arrangement for inpatient and outpatient hospital services pursuant to 42 CFR 438.6.
  - (a) For acute care hospitals, the methodology is implemented in the manner set forth in the directed payment arrangement submitted to CMS on or before May 31, 2025.
  - (b) For post-acute care hospitals, the methodology is implemented in the manner set forth in the directed payment arrangement submitted to the CMS on or before May 31, 2025.
- (2) Payment for healthcare services through the implementation of Medicaid expansion.
- (3) Payment of hospital reimbursement rates in an amount no less than the reimbursement rates in effect for dates of service on or after Jan. 1, 2025.

Requires LDH to develop a new directed payment arrangement and obtain approval of the JLCB prior to implementation, if CMS does not approve an assessment that is consistent with the proposal submitted prior to May 31, 2025.

Requires LDH to submit any state plan amendment necessary in order to implement the provisions of the assessment within 120 days of the adoption of this Resolution. Further requires LDH to promulgate any rules and regulations necessary to implement the provisions of the assessment. Further provides that final adoption of such rules is not required in order to implement and carry out the provisions of the assessment.

Requires LDH to publish on the department's website the approved CMS directed payment arrangements within 10 days of receiving approval.

Requires LDH to publish no later than 30 days after the end of each quarter a report containing data directly related to the reimbursement enhancements, which shall include the following:

- (1) The total amount of inpatient and outpatient Medicaid claims paid to hospitals broken out by each individual hospital Medicaid provider number.

- (2) The amount of directed payments received by each hospital.
- (3) Other supplemental payments received by each hospital.

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

- 1. Increase rate assessed on revenues of long-term acute care, psychiatric, and rehabilitation hospitals from 1.3% of inpatient and outpatient revenue to 1.38%.
- 2. Increase rate assessed on the first \$125 M of inpatient and outpatient revenues of hospital service districts from 4% to 4.99% .
- 3. Increase rate assessed on the first \$125 M of other acute care hospitals from 5% of inpatient revenue to 6.49% and from 5% of outpatient revenue to 6.74%.
- 4. Increase rate assessed against revenues exceeding \$125 M for hospital service districts and all other acute care hospitals from 2% of inpatient and outpatient revenue to 2.36%.