

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HCR 3** HLS 26RS 664

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: May 22, 2026	3:30 PM	Author: MCFARLAND
Dept./Agy.: Louisiana Department of Health/Medicaid		Analyst: Anthony Shamis
Subject: Provides for a hospital stabilization formula		

HOSPITALS EG1 +\$659,764,552 SD RV See Note
Provides for a hospital stabilization formula

Page 1 of 1

Proposed resolution provides for a hospital assessment. Proposed resolution provides the total assessment for the state in FY 27 based on a tiered assessment methodology by hospital provider type. Proposed resolution provides for exclusions to the hospital assessment. Proposed resolution provides for the use of the revenues generated through the assessment. LDH is required to pay hospital reimbursement rates in an amount no less than the reimbursement rates in effect for dates of service on or after January 1, 2026. In addition, revenues generated from the assessment will be used for a directed payment arrangement (upon approval of the Centers for Medicare and Medicaid Services). Proposed resolution provides that in the event CMS does not approve the directed payment arrangement that LDH shall be authorized to develop and submit a new directed payment arrangement to CMS, LDH shall obtain approval from the Joint Legislative Committee on the Budget prior to implementing either a directed payment arrangement or levying an assessment. Proposed resolution provides for reporting requirements of LDH.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$659,764,552	\$0	\$0	\$0	\$0	\$659,764,552
Federal Funds	\$2,343,597,489	\$0	\$0	\$0	\$0	\$2,343,597,489
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$3,003,362,041	\$0	\$0	\$0	\$0	\$3,003,362,041

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$659,764,552	\$0	\$0	\$0	\$0	\$659,764,552
Federal Funds	\$2,343,597,489	\$0	\$0	\$0	\$0	\$2,343,597,489
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$3,003,362,041	\$0	\$0	\$0	\$0	\$3,003,362,041

EXPENDITURE EXPLANATION

The statutory dedication revenue generated from this assessment will be used to draw federal matching funds for payments for the following: 1) for historical inpatient and outpatient rate increases added in prior resolutions (rates in effect for dates of service on or after January 1, 2026, are required to be maintained); 2) a portion of Medicaid Expansion costs; and 3) to partially fund "directed payments" to hospital providers (subject to CMS approval). The illustration below reflects the projected allocation of the FY 27 assessment revenue that will be used as a state match source for various hospital payments required under this measure.

FY 27 Allocation of Assessment:

- \$ 81,420,448 - 1) Historical Rate Increases
- \$ 32,832,835 - 2) Medicaid Expansion
- \$545,511,269 - 3) Hospital Directed Payment Program
- \$659,764,552 - Total Hospital Stabilization Fund

Note: As of May 22, 2026, the Preprint for the FY 27 Hospital Directed Payments Model has not been submitted to CMS for approval. LFO is awaiting additional information from LDH that reflects total Hospital Directed Payment funding and allocations for FY 27.

REVENUE EXPLANATION

Proposed resolution will generate approximately \$659.8 M in statutory dedication revenue (deposited into the Hospital Stabilization Fund) in FY 26. Upon approval by CMS of the directed payment arrangement, LDH is authorized to levy and collect a provider assessment on certain hospitals. The assessment rates (%) for FY 27 are tiered by hospital, and applied to hospitals' inpatient net patient revenue and outpatient net patient revenue as reported in the Medicare cost report ending in federal fiscal year 2023. The rates are reflected below:

- 1) Long-term acute care, psychiatric and rehabilitation hospitals: 1.38% of inpatient and outpatient net patient revenue.
- 2) Certain hospital service district hospitals: 4.99% of inpatient and outpatient net patient revenue up to \$125 M.
- 3) 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) Certain hospital service district hospitals and all other acute care hospitals: 2.36% of inpatient and outpatient net patient revenue exceeding \$125 M.

Note: This resolution excludes certain hospitals from the assessment, including certain acute care hospitals with 40 beds or less, freestanding psychiatric Medicaid DSH hospitals, and rural hospitals as defined in R.S. 40:1189.1. Revenue is not reflected beyond FY 27 as future resolutions must be filed and passed annually by the legislature to generate additional assessment revenue.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger
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Legislative Fiscal Officer