

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 845** HLS 15RS 2901  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.: **HB 652**

<b>Date:</b> May 20, 2015 3:41 PM	<b>Author:</b> HUNTER
<b>Dept./Agy.:</b> DHH/Medicaid	<b>Analyst:</b> Shawn Hotstream
<b>Subject:</b> Medicaid reimbursement	

HOSPITALS OR INCREASE GF EX See Note Page 1 of 1

Requires the Dept. of Health and Hospitals to implement an equitable system of Medicaid reimbursement among certain hospitals

Proposed law creates the Medicaid-Funded Partnerships for Operation of State Hospitals Law. Proposed law requires the secretary of the Department of Health and Hospitals to develop and implement a methodology for reimbursing uncompensated care costs (UCC) for inpatient services provided to certain private hospitals (non rural acute care hospitals) in a parish with a population of more than 150,000 and less than 175,000. 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 annually calculate the increase in total UCC of each non-CEA hospital located in a certain parish over the UCC 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. Proposed law provides that this measure does not authorize a reduction to the overall level of Medicaid funding to a CEA hospital.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Proposed law is anticipated to significantly increase Medicaid Disproportionate Share Hospital (DSH) expenditures from DHH to certain non rural acute care hospitals in Ouachita Parish for inpatient services uncompensated care costs. The total increase in DSH spending to non-CEA hospitals in FY 16 is indeterminable, and will be based on a formula that calculates the changes in total uncompensated care costs of certain non CEA hospitals in Ouachita Parish from a base year (2012). Information provided by DHH indicates 5 non-CEA hospitals would qualify under this measure, including St. Francis, Glenwood, Ouachita Community Hospital, Monroe Surgical Hospital and P and S Surgical Hospital.

DHH was not able to provide a full schedule of hospital cost reports for the qualifying hospitals indicating the current level of uncompensated care costs compared to the base year of 2012. However, DHH provided uncompensated care cost figures for St. Francis Hospital from 2012 to 2014. Based on St Francis Hospital costs alone, FY 14 inpatient UCC costs were \$5,373,614 higher than in FY 12. As an illustrative example, to the extent this measure was current law, St. Francis Hospital would be reimbursed \$5,373,614 in Medicaid DSH payments for UCC costs in FY 16. The total increase in FY 16 Medicaid expenditures under this measure is anticipated to be at least \$5.3 M, as potential UCC costs associated the other qualifying hospitals identified in this fiscal note are not identified, but anticipated to result in some level of additional expenditures.

Prior to implementation, the reimbursement formula is subject to approval of the Centers for Medicare and Medicaid Services (CMS).

**REVENUE EXPLANATION**

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

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 <b>John D. Carpenter</b> Legislative Fiscal Officer
<input checked="" 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}	