

HOUSE COMMITTEE AMENDMENTS

2015 Regular Session

Substitute for Original House Bill No. 652 by Representative Hunter as proposed by the House Committee on Health and Welfare

**This document reflects the content of a substitute bill but is not in a bill form; page numbers in this document DO NOT correspond to page numbers in the substitute bill itself.**

To enact R.S. 36:254(D)(4) and Part XIV of Chapter 3 of Title 46 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 46:460.101 through 460.104, relative to duties of the secretary of the Department of Health and Hospitals in the operation of the Medicaid program; to provide a system of Medicaid reimbursement for certain hospitals; to provide relative to state hospitals operated by private entities; to require a methodology for reimbursing uncompensated care costs; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 36:254(D)(4) is hereby enacted to read as follows:

§254. Powers and duties of the secretary of the Department of Health and Hospitals

\* \* \*

D.

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(4) In addition to all other functions, powers, and duties relative to or concerning the Medical Assistance Program otherwise vested in him by law, the secretary shall implement and maintain the system of Medical Assistance Program reimbursement provided for in the Medicaid-Funded Partnerships for Operation of State Hospitals Law, R.S. 46:460.101 et seq.

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Section 2. Part XIV of Chapter 3 of Title 46 of the Louisiana Revised Statutes of 1950, comprised of R.S. 46:460.101 through 460.104, is hereby enacted to read as follows:

PART XIV. MEDICAID-FUNDED PARTNERSHIPS

FOR OPERATION OF STATE HOSPITALS

§460.101. Short title

This Part shall be known and may be cited as the "Medicaid-Funded Partnerships for Operation of State Hospitals Law".

§460.102. Findings; purpose

A. The legislature hereby finds that beginning in 2012, legislative involvement in and oversight of development of cooperative endeavor agreements to privatize the state hospital system were entirely precluded by the parties that developed the agreements; and that critical matters of public finance and public health policy set forth in these agreements, all of which are financed with Medicaid funding, were determined without any transparency to the public. Therefore, the legislature declares that legislative direction in the Medicaid program with respect to the system of Medicaid reimbursement to hospitals serves the best interests of the public in state fiscal matters, access to health care, and overall public health and well-being.

B. The purpose of this Part is to implement an equitable system of Medicaid reimbursement to certain privately operated state hospitals and to certain private hospitals, respectively, that is designed to protect the viability of hospitals that are not reimbursed according to the terms of a cooperative endeavor agreement with the state for operation of a state hospital.

§460.103. Definitions

As used in this Part, the following terms have the meaning ascribed to them in this Section:

(1) "Centers for Medicare and Medicaid Services" means the division of the United States Department of Health and Human Services which administers and regulates the Medicaid program.

(2)(a) "CEA hospital" means a state-owned hospital designated in R.S. 17:1519.2 at which indigent inpatient acute care services are provided by a private partner according to the terms of a cooperative endeavor agreement between the private partner and the state.

(b) "Non-CEA hospital" means a nonrural acute care hospital at which indigent inpatient acute care services are not provided according to the terms of a cooperative endeavor agreement between a private partner and the state.

(3) "Department" means the Department of Health and Hospitals.

(4) "Medicaid" means the medical assistance program provided for in Title XIX of the Social Security Act.

(5) "Secretary" means the secretary of the Department of Health and Hospitals.

§460.104. System of hospital reimbursement; methodology for reimbursing uncompensated care costs

A. Prior to August first of each year, the department shall annually develop and implement a methodology for reimbursing uncompensated care costs for inpatient services provided in nonrural acute care hospitals in any parish with a population of more than one hundred fifty thousand and less than one hundred seventy-five thousand according to the latest federal decennial census. The House and Senate committees on health and welfare shall review and approve any methodology required by this Section prior to its implementation.

B. The department shall calculate the increase in total uncompensated care costs of each non-CEA hospital located in a parish designated in Subsection A of this Section over the uncompensated care costs of the same hospital in 2012. Subject to approval by the Centers for Medicare and Medicaid Services, the department shall use this calculation to develop and implement a methodology for reimbursing each non-CEA hospital the amount of the increase in uncompensated care costs it incurs over the 2012 level. Reimbursements to the CEA hospital shall be considered a payment to the CEA hospital, and therefore shall reduce the amount payable directly or indirectly to a non-CEA hospital.

Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

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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)]

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HB Draft

2015 Regular Session

**Abstract:** Requires the Dept. of Health and Hospitals to implement a methodology for reimbursing uncompensated care costs incurred by hospitals in a parish with a population between 150,000 and 175,000.

Present law provides for duties of the secretary of the Dept. of Health and Hospitals (DHH) with respect to operation of the state's Medicaid program.

Proposed law retains present law and adds thereto a duty that the secretary of DHH implement and maintain an equitable system of Medicaid reimbursement provided for in proposed law to be known as the Medicaid-Funded Partnerships for Operation of State Hospitals Law.

Proposed law declares that legislative direction in the Medicaid program with respect to the system of Medicaid reimbursement to hospitals serves the best interests of the public in state fiscal matters, access to health care, and overall public health and well-being. Provides that the purpose of proposed law is to implement an equitable system of Medicaid reimbursement to certain privately operated state hospitals and to certain private hospitals, respectively, that is designed to protect the viability of hospitals that are not reimbursed according to the terms of a cooperative endeavor agreement with the state for operation of a state hospital.

Proposed law provides that for purposes of proposed law, the following definitions apply:

- (1) "CEA hospital" means a state-owned hospital designated in present law at which indigent inpatient acute care services are provided by a private partner according to the terms of a cooperative endeavor agreement between the private partner and the state.
- (2) "Non-CEA hospital" means a nonrural acute care hospital at which indigent inpatient acute care services are not provided according to the terms of a cooperative endeavor agreement between a private partner and the state.

Proposed law requires DHH, on an annual basis, to develop and implement a methodology for reimbursing uncompensated care costs for inpatient services provided in nonrural acute care hospitals in any parish with a population of between 150,000 and 175,000. Provides that the legislative committees on health and welfare shall review and approve any methodology required by proposed law prior to implementation of the methodology.

Proposed law requires DHH to calculate the increase in total uncompensated care costs of each non-CEA hospital located in a parish designated in proposed law over the uncompensated care costs of the same hospital in 2012. Provides that, subject to approval by the Centers for Medicare and Medicaid Services, DHH shall use this calculation to develop and implement a methodology for reimbursing each non-CEA hospital the amount of the increase in uncompensated care costs it incurs over the 2012 level. Provides further that reimbursements to the CEA hospital shall be considered a payment to the CEA hospital, and shall reduce the amount payable directly or indirectly to a non-CEA hospital.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 36:254(D)(4) and R.S. 46:460.101-460.104)