

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 561

BY HEALTH AND WELFARE COMMITTEE

AN ACT

1 RELATING TO HOSPITALS; AMENDING SECTION 56-1403, IDAHO CODE, TO REVISE TER-  
2 MINOLOGY; AMENDING SECTION 56-1404, IDAHO CODE, TO REVISE TERMINOLOGY,  
3 TO REVISE THE DURATION OF THE ANNUAL ASSESSMENT AND TO REVISE HOW THE AS-  
4 SESSMENT BASE IS DETERMINED; AMENDING SECTION 56-1406, IDAHO CODE, TO  
5 REVISE TERMINOLOGY AND TO REVISE THE DURATION AND HOW THE UPPER PAYMENT  
6 LIMIT DISTRIBUTIONS ARE DETERMINED; AND DECLARING AN EMERGENCY.  
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Section 56-1403, Idaho Code, be, and the same is hereby  
10 amended to read as follows:

11 56-1403. HOSPITAL ASSESSMENT FUND ESTABLISHED. (1) There is hereby  
12 created in the office of the state treasurer a dedicated fund to be known as  
13 the hospital assessment fund, hereinafter "fund," to be administered by the  
14 department of health and welfare, hereinafter "department." The state trea-  
15 surer shall invest idle moneys in the fund and any interest received on those  
16 investments shall be returned to the fund.

17 (2) Moneys in the fund shall consist of:

18 (a) All moneys collected or received by the department from private  
19 hospital assessments required by this chapter;

20 (b) All federal matching funds received by the department as a result  
21 of expenditures made by the department that are attributable to moneys  
22 deposited in the fund;

23 (c) Any interest or penalties levied in conjunction with the adminis-  
24 tration of this chapter; and

25 (d) Any appropriations, federal funds, donations, gifts or moneys from  
26 any other sources.

27 (3) The fund is created for the purpose of receiving moneys in accor-  
28 dance with this section and section 56-1404, Idaho Code. The fund shall not  
29 be used to replace any moneys appropriated to the Idaho medical assistance  
30 program by the legislature. Moneys in the fund shall be distributed by the  
31 department subject to appropriation for the following purposes only:

32 (a) Payments to private hospitals as required under Idaho's medical  
33 assistance program as set forth in sections 56-209b through 56-209d,  
34 Idaho Code;

35 (b) Reimbursement of moneys collected by the department from private  
36 hospitals through error or mistake in performing the activities autho-  
37 rized under Idaho's medical assistance program;

38 (c) Payments of administrative expenses incurred by the department or  
39 its agent in performing the activities authorized by this chapter;

40 (d) Payments made to the federal government to repay excess payments  
41 made to private hospitals from the fund if the assessment plan is deemed  
42 out of compliance and after the state has appealed the findings. Hos-

1       pitals shall refund the payments in question to the assessment fund.  
 2       The state in turn shall return funds to both the federal government and  
 3       hospital providers in the same proportion as the original financing.  
 4       Individual hospitals shall be reimbursed based on the proportion of  
 5       the individual hospital's assessment to the total assessment paid by  
 6       all private hospitals. If a hospital is unable to refund payments, the  
 7       state shall develop a payment plan and deduct moneys from future medic-  
 8       aid payments;

9       (e) Transfers to any other fund in the state treasury, provided such  
 10       transfers shall not exceed the amount transferred previously from that  
 11       other fund into the hospital assessment fund; and

12       (f) Making refunds to hospitals pursuant to section 56-1410, Idaho  
 13       Code.

14       SECTION 2. That Section 56-1404, Idaho Code, be, and the same is hereby  
 15       amended to read as follows:

16       56-1404. ASSESSMENTS. (1) All private hospitals, except those ex-  
 17       empted under section 56-1408, Idaho Code, shall make payments to the fund in  
 18       accordance with this chapter. Subject to section 56-1410, Idaho Code, an  
 19       annual assessment on both inpatient and outpatient services is determined  
 20       for each qualifying hospital for ~~each state fiscal years 2009, 2010 and 2011,~~  
 21       in an amount calculated by multiplying the rate, as set forth in subsections  
 22       (2) (b) and (3) (b) of this section, by the assessment base, as set forth in  
 23       subsection (5) of this section.

24       (2) (a) The department shall calculate the private hospital upper pay-  
 25       ment limit gap for both inpatient and outpatient services. The upper  
 26       payment limit gap is the difference between the maximum allowable pay-  
 27       ments eligible for federal match, less medicaid payments not financed  
 28       using hospital assessment funds. The upper payment limit gap shall be  
 29       calculated separately for hospital inpatient and outpatient services.  
 30       Medicaid disproportionate share payments shall be excluded from the  
 31       calculation.

32       (b) The department shall calculate the upper payment limit assessment  
 33       rate for each state fiscal years ~~2009, 2010 and 2011~~ to be the percent-  
 34       age that, when multiplied by the assessment base as defined in subsec-  
 35       tion (5) of this section, equals the upper payment limit gap determined  
 36       in paragraph (a) of this subsection.

37       (3) (a) The department shall calculate the disproportionate share al-  
 38       lotment amount to be paid to private in-state hospitals.

39       (b) The department shall calculate the disproportionate share assess-  
 40       ment rate for private in-state hospitals to be the percentage that, when  
 41       multiplied by the assessment base as defined in subsection (5) of this  
 42       section, equals the amount of state funding necessary to pay the private  
 43       in-state hospital disproportionate share allotment determined in para-  
 44       graph (a) of this subsection.

45       (4) For private in-state hospitals, the assessments calculated pur-  
 46       suant to subsections (2) and (3) of this section shall not be greater than two  
 47       and one-half percent (2.5%) of the assessment base as defined in subsection  
 48       (5) of this section.

1           (5) The assessment base shall be the hospital's net patient revenue  
 2 for the applicable period. "Net patient revenue" for state fiscal year 2009  
 3 shall be determined using the most recent data available from each hospi-  
 4 tal's fiscal year 2004 medicare cost report on file with the department on  
 5 June 30, 2008, without regard to any subsequent adjustments or changes to  
 6 such data. Net patient revenue for each state fiscal year 2010 thereafter  
 7 shall be determined in the same manner using the most recent data available a  
 8 rolling yearly schedule for each hospital's fiscal year 2005 medicare cost  
 9 report on file with the department on June 30, ~~2009~~, of each subsequent year  
 10 without regard to any subsequent adjustments or changes to such data. ~~Net~~  
 11 ~~patient revenue for state fiscal year 2011 shall be determined using the most~~  
 12 ~~recent data available from each hospital's fiscal year 2006 medicare cost~~  
 13 ~~report on file with the department on June 30, 2010, without regard to any~~  
 14 ~~subsequent adjustments or changes to such data.~~

15           SECTION 3. That Section 56-1406, Idaho Code, be, and the same is hereby  
 16 amended to read as follows:

17           56-1406. INPATIENT AND OUTPATIENT ADJUSTMENT PAYMENTS. All private  
 18 hospitals, except those exempted under section 56-1408, Idaho Code, shall be  
 19 eligible for inpatient and outpatient adjustments as follows:

20           (1) For state fiscal year 2009, the inpatient upper payment limit gap  
 21 for private hospitals shall be divided by medicaid inpatient days for the  
 22 same hospitals from calendar year 2007 to establish an average per diem ad-  
 23 justment rate. Each private hospital shall receive an annual payment that is  
 24 equal to the average per diem adjustment rate multiplied by the hospital's  
 25 calendar year 2007 medicaid inpatient days. For purposes of this section,  
 26 "hospital medicaid inpatient days" are days of inpatient hospitalization  
 27 paid for by the Idaho medical assistance program for the applicable calendar  
 28 year. ~~For Each state fiscal year 2010, calendar year 2008 inpatient hospi-~~  
 29 ~~tal medicaid days shall be utilized thereafter shall be determined in the~~  
 30 ~~same manner using a rolling yearly schedule to determine the hospital inpa-~~  
 31 ~~tient adjustment payment. For state fiscal year 2011, calendar year 2009~~  
 32 ~~hospital medicaid inpatient days shall be utilized to determine the hospi-~~  
 33 ~~tal inpatient adjustment payment.~~ In the event that either the inpatient  
 34 upper payment limit gap for private hospitals or the available hospital  
 35 assessment funding is lower than anticipated, the department shall apply  
 36 an across-the-board factor such that the inpatient payment adjustments are  
 37 maximized, financed entirely from hospital assessment funding, and do not  
 38 exceed the Idaho inpatient upper payment limit for private hospitals. Pay-  
 39 ments shall be made no later than thirty (30) days after the receipt of the  
 40 last deposit of the hospital assessment required in section 56-1404, Idaho  
 41 Code.

42           (2) For state fiscal year 2009, the outpatient upper payment limit  
 43 gap for private hospitals shall be divided by medicaid outpatient hospital  
 44 reimbursement for the same hospitals from calendar year 2007 to establish  
 45 an average percentage adjustment rate. Each hospital, except those exempt  
 46 under section 56-1408, Idaho Code, shall receive an annual payment that is  
 47 equal to the average percentage adjustment rate multiplied by the hospi-  
 48 tal's calendar year 2007 hospital medicaid outpatient reimbursement. For  
 49 purposes of this section, "hospital outpatient reimbursement" is reim-

1 bursement for hospital outpatient services paid for by the Idaho medical  
2 assistance program for the applicable calendar year. ~~For Each~~ state fiscal  
3 year 2010, ~~calendar year 2008 hospital medicaid outpatient reimbursement~~  
4 ~~shall be utilized to determine the outpatient hospital adjustment payment.~~  
5 ~~For state fiscal year 2011, calendar year 2009 hospital medicaid outpatient~~  
6 ~~reimbursement shall be utilized~~ thereafter shall be determined in the same  
7 manner using a rolling yearly schedule to determine the outpatient hospital  
8 adjustment payment. In the event that either the outpatient upper payment  
9 limit gap for private hospitals or the available hospital assessment funding  
10 is lower than anticipated, the department shall apply an across-the-board  
11 factor, such that outpatient adjustment payments are maximized, financed  
12 entirely from hospital assessment funding, and do not exceed the Idaho out-  
13 patient upper payment limit for private hospitals. Payments shall be made  
14 no later than thirty (30) days after the receipt of the last deposit of the  
15 hospital assessments required in section 56-1404, Idaho Code.

16 SECTION 4. An emergency existing therefor, which emergency is hereby  
17 declared to exist, this act shall be in full force and effect on and after its  
18 passage and approval.