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## DIGEST

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Kleckley

HB No. 532

**Abstract:** Provides for the legislature to establish a formula for funding hospitals by establishing reimbursement increases for hospitals; by establishing an assessment on hospitals; by creating the Hospital Stabilization Fund to deposit assessments; and using the monies in the fund for reimbursement enhancements.

Proposed constitutional amendment provides for an annual Hospital Stabilization Formula by concurrent resolution by a favorable vote of 2/3 of the elected members of each house in the first resolution. The resolution requires a favorable vote of a majority of the elected members of each house in subsequent years. Further, the resolution shall be referred to the standing committees of the legislature that hear the general appropriation bill. The formula provided for in the resolution includes:

- (1) A base reimbursement level that is the payment levels under the Medicaid Program to hospitals for inpatient and outpatient services in FY 2012-2013 in the first year and each subsequent formula may apply a rate of inflation to the base reimbursement level rate from the previous fiscal year.
- (2) Assessments to be paid by La. hospitals, provided the amount of the assessment does not exceed the nonfederal share of the reimbursement enhancement.
- (3) Reimbursement enhancements for those hospitals subject to an assessment provided for in the formula.
- (4) Any additional provisions necessary to the implementation of the formula. Neither the assessments nor the reimbursement enhancements established in the formula adopted by the legislature shall be implemented until each has been approved by the federal authority which administers the Medicaid Program.

Proposed constitutional amendment provides that the base reimbursement level shall not be paid from the Hospital Stabilization Fund.

Proposed constitutional amendment provides that no additional assessment shall be collected and any assessment shall be terminated for the remainder of the fiscal year from the date on which any of the following occur:

- (1) The legislature fails to adopt a formula for the subsequent fiscal year.

- (2) The Department of Health and Hospitals reduces or does not pay reimbursement enhancements established in the current formula.
- (3) The appropriations provided for in proposed constitutional amendment are reduced.

Proposed constitutional amendment provides that the treasurer shall return any monies collected after the date of termination of an assessment to the hospital from which it was collected.

Proposed constitutional amendment provides for annual appropriation of an amount necessary to fund the base reimbursement level for hospitals and appropriate the balance of the Hospital Stabilization Fund created in the proposed constitutional amendment for reimbursement enhancements.

Proposed constitutional amendment provides for reductions to the appropriations if the following occur:

- (1) The reduction does not exceed the average reduction of those made to the appropriations and reimbursement for other providers under the Medicaid Program.
- (2) If the legislature is in session, the reduction is consented to in writing by two-thirds of the elected members of each house in a manner provided by law, or if the legislature is not in session, the reduction is approved by two-thirds of the members of the Joint Legislative Committee on the Budget.

Proposed constitutional amendment creates the Hospital Stabilization Fund and provides appropriations only for funding the reimbursement enhancement established in the Hospital Stabilization Formula for the fiscal year in which the assessment is collected.

Provides for submission of the proposed amendment to the voters at the statewide election to be held Nov. 4, 2014, or the first statewide election occurring after the adoption of this Joint Resolution.

(Adds Const. Art. VII, §10.13)

#### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Changed the vote necessary for approval of the resolution establishing the formula from two-thirds of elected members to a majority, except the resolution for the first formula which shall require a favorable vote of 2/3 of the elected members of each house.
2. Required the resolution providing for the formula be referred to the standing

committees of the legislature that receive the general appropriation bill.

3. Added that the formula provide for the preservation and protection of rural hospitals as provided for by law.
4. Clarified that rate enhancements established in the formula will be distributed among hospitals for hospital services and deletes the provision that the rate enhancements will be distributed in proportion to the Medicaid services delivered.

House Floor Amendments to the reengrossed bill.

1. Clarified that the rate referenced in the proposed constitutional amendment is a reimbursement.
2. Changed the provisions regarding the rate of inflation used in the formula.
3. Provided that neither the assessments nor the reimbursement enhancements established in the formula shall be implemented until each has been approved by the federal authority which administers the Medicaid Program.
4. Changed the provisions required for a reduction in reimbursement level.
5. Changed the provisions regarding the collection and termination of the assessment.
6. Changed the provision regarding the submission of the proposed amendment to the electors.