

2015 Regular Session

SENATE CONCURRENT RESOLUTION NO. 131

BY SENATOR CLAITOR

HOSPITALS. Provides for a hospital stabilization formula.

A CONCURRENT RESOLUTION

To provide for a hospital stabilization formula pursuant to Article VII, Section 10.13 of the Constitution of Louisiana; to establish the level and basis of hospital assessments; to establish certain reimbursement enhancements for inpatient and outpatient hospital services; to establish certain criteria for the implementation of the formula; to establish the base reimbursement level paid to hospitals; and to provide for related matters.

WHEREAS, through the adoption of this Resolution, the Legislature of Louisiana hereby seeks to:

- (1) Preserve and enhance the availability of inpatient and outpatient hospital services for the citizens of Louisiana.
- (2) Preserve and protect rural hospitals as provided in the Rural Hospital Preservation Act, pursuant to R.S. 40:1300.141 et seq.
- (3) Enhance the stability of hospital funding by utilizing a healthcare driven solution which provides a reliable and recurring source of funding for healthcare services.
- (4) Minimize the effects of shifting the cost of caring for those Louisiana citizens who are uninsured to those who are able to obtain health insurance.

- 1           (5)     Create flexibility to design a plan to provide for more efficient and effective  
2                   ways to maximize the state's use of monies currently expended for the  
3                   provision of health care services to the state's low income and uninsured  
4                   residents.

5           THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby  
6           enact the following hospital stabilization formula pursuant to Article VII, Section 10.13 of  
7           the Constitution of Louisiana:

8                   I. Hospital Stabilization Assessment.

9                   A. The Department of Health and Hospitals shall calculate, levy, and collect  
10                  an assessment for each assessed hospital in accordance with Subsection B of this  
11                  Section if all of the following occur:

12                   (1) Implementation of the reimbursement enhancements as provided for in  
13                  Paragraph (1) of Section II of this Resolution on or before April 1, 2016.

14                   (2) The applicable federal financial participation, as set forth in 42 U.S.C.  
15                  1396d(y) of Title XIX of the Social Security Act, is less than one hundred percent.

16                   (3) Approval from the Joint Legislative Committee on the Budget of the  
17                  proposed assessment, including a list of each hospital that will be assessed.

18                   B.(1) The total assessment for the state fiscal year shall be equal to, but shall  
19                  not exceed, the lesser of the following:

20                   (a) The state portion of the cost, excluding any federal financial participation,  
21                  of the reimbursement enhancements provided for in Paragraph (1) of Section II of  
22                  this Resolution which are directly attributable to payments to hospitals.

23                   (b) One percent of the total net patient revenue of all hospitals included in the  
24                  assessment, as reported in the Medicare cost report ending in federal fiscal year  
25                  2013.

26                   (2) The Department of Health and Hospitals shall allocate the assessment to  
27                  each assessed hospital on a pro rata basis by calculating the quotient of the total  
28                  assessment divided by the total net patient revenue of all assessed hospitals as  
29                  reported in the Medicare cost report ending in federal fiscal year 2013 and  
30                  multiplying the quotient by each assessed hospital's total net patient revenue. If a

1 hospital was not required to file a Medicare cost report or did not file a Medicare  
2 cost report ending in federal fiscal year 2013, the hospital shall submit to the  
3 Department of Health and Hospitals its most applicable fiscal year total of net patient  
4 revenue in a form prescribed by the department.

5 (3) The Department of Health and Hospitals shall levy and collect the  
6 assessment provided for in this Section on a quarterly basis. Prior to levying or  
7 collecting the assessment for the applicable quarterly period, the Department of  
8 Health and Hospitals shall publish in the Louisiana Register the total amount of the  
9 quarterly assessment and the corresponding applicable percentage of total net patient  
10 revenue that will be applied to the assessed hospitals.

11 C.(1) The Department of Health and Hospitals shall exclude a hospital from  
12 the assessment if any of the following are applicable:

13 (a) The hospital is certified by Medicare as a separately licensed long-term  
14 acute care, rehabilitation, or psychiatric hospital.

15 (b) The hospital has sixty or less beds, either as reported in the Medicare cost  
16 report ending in federal fiscal year 2013 or as licensed by the Department of Health  
17 and Hospitals on December 31, 2013.

18 (c) The hospital meets the definition of a rural hospital as defined in R.S.  
19 40:1300.143.

20 (2) The Department of Health and Hospitals may also exclude a hospital or  
21 class of hospitals which is necessary to achieve approval of the assessment from the  
22 Centers for Medicare and Medicaid Services.

## 23 II. Reimbursement Enhancements.

24 The Department of Health and Hospitals shall provide for reimbursement  
25 enhancements as follows:

26 (1) Payment for health care services through the implementation of a health  
27 coverage expansion of the Louisiana medical assistance program that meets all the  
28 requirements necessary for the state to maximize federal matching funds as set forth  
29 in 42 U.S.C. 1396d(y) of Title XIX of the Social Security Act.

30 (2) Payment of either the hospital inpatient and outpatient reimbursement

1 rates which were in effect on December 31, 2010, or such rates which were in effect  
2 on June 30, 2013, whichever is greater, for hospital services provided pursuant to the  
3 Louisiana medical assistance program provided that there are adequate savings  
4 generated from the implementation of a health coverage expansion as provided for  
5 in this Section and funds are appropriated in the budget.

6 III. Hospital Base Reimbursement Level.

7 A. The hospital base reimbursement level shall not be deemed to be defined and  
8 established until the date of the first collection of the assessment provided in Subsection A  
9 of Section I of this Resolution.

10 B. Subject to the provisions of Subsection A of this Section, the hospital base  
11 reimbursement level is hereby defined and established as all of the following inpatient and  
12 outpatient hospital reimbursement rates and methodologies under the state plan for the  
13 Louisiana medical assistance program in effect on July 1, 2015, exclusive of any state plan  
14 amendments related to any reimbursements of Public Private Partnerships:

15 (1) Inpatient peer group per diem rates.

16 (2) Outpatient fee schedules.

17 (3) Outpatient cost reimbursed services and cost report settlements.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Jerry J. Guillot.

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DIGEST

SCR 131 Original

2015 Regular Session

Claitor

Provides for a hospital stabilization formula pursuant to Art. VII, Sec. 10.13 of the  
Constitution of La. including an assessment, reimbursement enhancements, and a base  
reimbursement level.

Provides for DHH to calculate, collect, and levy as an assessment from hospitals equal to the  
lesser of one of the following:

- (1) The state portion of the cost, excluding any federal financial participation, of the  
reimbursement enhancements from the payment for health care services through the  
implementation of Medicaid expansion which are directly attributable to payments  
to hospitals.
- (2) 1% of the total net patient revenue of all hospitals included in the assessment, as  
reported in the Medicare cost report ending in federal FY 2013.

Further provides for the allocation of the assessment to each assessed hospital based on a pro  
rata calculation. Authorizes the DHH to exclude certain hospitals from the assessment.

Provides for the assessment if the following occur:

- (1) Implementation of the reimbursement enhancements from the payment for health care services through the implementation of Medicaid expansion on or before April 1, 2016.
- (2) The applicable federal financial participation for newly eligible Medicaid recipients under Medicaid expansion is less than 100%.
- (3) Approval from the Joint Legislative Committee on the Budget of the proposed assessment, including a list of each hospital that will be assessed.

Provides for reimbursement enhancements from the following:

- (1) Payment for health care services through the implementation of Medicaid expansion.
- (2) Payment of hospital inpatient and outpatient reimbursement rates which were in effect on Dec. 31, 2010, or such rates that were in effect on June 30, 2013, whichever is greater if there are adequate savings generated from the implementation of Medicaid expansion and funds are appropriated in the budget.

Provides that the hospital base reimbursement level shall not be deemed to be defined and established until the date of the first collection of the assessment. However, subject to this provision, defines and establishes the hospital base reimbursement level as all of the following inpatient and outpatient hospital reimbursement rates and methodologies under the state plan for the Louisiana medical assistance program in effect on July 1, 2015:

- (1) Inpatient peer group per diem rates.
- (2) Outpatient fee schedules.
- (3) Outpatient cost reimbursed services and cost report settlements.