1	HOSPITAL PROVIDER ASSESSMENT AMENDMENTS
2	2013 GENERAL SESSION
3	STATE OF UTAH
4	Chief Sponsor: Lyle W. Hillyard
5	House Sponsor:
6	
7	LONG TITLE
8	General Description:
9	This bill amends the Hospital Provider Assessment Act.
10	Highlighted Provisions:
11	This bill:
12	defines terms;
13	modifies the calculation of the annual assessment;
14	 modifies the manner in which a hospital's discharge data is derived;
15	 requires the Division of Health Care Financing of the Department of Health to
16	incorporate \$154 million into the accountable care organization rate structure;
17	 grants rulemaking authority to the Department of Health over the penalties and
18	interest assessed under the act;
19	repeals the assessment on July 1, 2016; and
20	makes technical changes.
21	Money Appropriated in this Bill:
22	None
23	Other Special Clauses:
24	If approved by two-thirds of all the members elected to each house, this bill takes effect
25	on April 1, 2013.
26	Utah Code Sections Affected:
27	AMENDS:



S.B. 166 02-05-13 4:39 PM

8	26-36a-103 , as enacted by Laws of Utah 2010, Chapter 179
9	26-36a-202 , as enacted by Laws of Utah 2010, Chapter 179
0	26-36a-203 , as last amended by Laws of Utah 2012, Chapter 348
1	26-36a-204, as enacted by Laws of Utah 2010, Chapter 179
2	26-36a-205 , as last amended by Laws of Utah 2012, Chapter 348
3	26-36a-206, as enacted by Laws of Utah 2010, Chapter 179
1	26-36a-207 , as enacted by Laws of Utah 2010, Chapter 179
	26-36a-208, as last amended by Laws of Utah 2011, Chapter 118
	63I-1-226, as last amended by Laws of Utah 2012, Chapters 171 and 328
,	REPEALS:
3	26-36a-209 , as last amended by Laws of Utah 2012, Chapter 348
9	
)	Be it enacted by the Legislature of the state of Utah:
-	Section 1. Section 26-36a-103 is amended to read:
2	26-36a-103. Definitions.
,	As used in this chapter:
ļ	(1) "Assessment" means the Medicaid hospital provider assessment established by this
5	chapter.
)	(2) "Discharges" means the number of total hospital discharges reported on worksheet
	S-3, column 15, lines 12, 14, and 14.01 of the Medicare Cost Report for the applicable
3	assessment year.
)	(3) "Division" means the Division of Health Care Financing of the department.
)	(4) "Hospital":
-	(a) means a privately owned:
2	(i) general acute hospital operating in the state as defined in Section 26-21-2; and
3	(ii) specialty hospital operating in the state, which shall include a privately owned
1	hospital whose inpatient admissions are predominantly:
5	(A) rehabilitation;
	(B) psychiatric;
	(C) chemical dependency; or
;	(D) long-term acute care services; and

59	(b) does not include:
60	(i) a residential care or treatment facility as defined in Section 62A-2-101;
61	(ii) a hospital owned by the federal government, including the Veterans Administration
62	Hospital; or
63	[(iii) a Shriners hospital that does not charge for its services; or]
64	[(iv)] (iii) a hospital that is owned by the state government, a state agency, or a political
65	subdivision of the state, including:
66	(A) a state-owned teaching hospital; and
67	(B) the Utah State Hospital.
68	[(5) "Low volume select access hospital" means a hospital that furnished inpatient
69	hospital services during fiscal year 2008 to less than 300 Medicaid cases under the select
70	access program.]
71	[(6)] (5) "Medicare cost report" means CMS-2552-96 or CMS-2552-10, the cost report
72	for electronic filing of hospitals.
73	[(7) "Select access cases" means the number of hospital inpatient cases related to
74	individuals enrolled in the state's select access program for 2008.]
75	[(8)] (6) "State plan amendment" means a change or update to the state Medicaid plan.
76	[(9) "Upper payment limit" means the maximum ceiling imposed by federal regulation
77	on a hospital Medicaid reimbursement for inpatient services under 42 C.F.R. Sec. 447.272.]
78	[(10) "Upper payment limit gap":]
79	[(a) means the difference between:]
80	[(i) the inpatient hospital upper payment limit for hospitals; and]
81	[(ii) Medicaid payments for inpatient hospital services not financed using hospital
82	assessments paid by all hospitals;]
83	[(b) shall be calculated separately for hospital inpatient services; and]
84	[(c) does not include Medicaid disproportionate share payments as part of the
85	ealculation for the upper payment limit gap.]
86	(7) "Accountable care organization" means a managed care organization, as defined in
87	42 C.F.R. Sec. 438, that contracts with the department under the provisions of Section
88	<u>26-18-405.</u>
89	Section 2. Section 26-36a-202 is amended to read:

90	26-36a-202. Assessment, collection, and payment of hospital provider assessment.
91	(1) A uniform, broad based, assessment is imposed on each hospital as defined in
92	Subsection 26-36a-103(4)(a):
93	(a) in the amount designated in Section 26-36a-203; and
94	(b) in accordance with Section 26-36a-204[, beginning when the division has obtained
95	approval from the Center for Medicare and Medicaid Services and provided notice of the
96	assessment to the hospital].
97	(2) (a) The assessment imposed by this chapter is due and payable on a quarterly basis
98	in accordance with Section 26-36a-204.
99	(b) The collecting agent for this assessment is the department which is vested with the
100	administration and enforcement of this chapter, including the right to adopt administrative rules
101	in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, necessary to:
102	(i) implement and enforce the provisions of this act; and
103	(ii) audit records of a facility:
104	(A) that is subject to the assessment imposed by this chapter; and
105	(B) does not file a Medicare cost report.
106	(c) The department shall forward proceeds from the assessment imposed by this
107	chapter to the state treasurer for deposit in the restricted special revenue fund as specified in
108	Section 26-36a-207.
109	(3) The department may, by rule, extend the time for paying the assessment.
110	Section 3. Section 26-36a-203 is amended to read:
111	26-36a-203. Calculation of assessment.
112	[(1) The division shall calculate the inpatient upper payment limit gap for hospitals for
113	each state fiscal year.]
114	[(2)] (1) (a) An annual assessment is payable on a quarterly basis for each hospital in
115	an amount calculated at a uniform assessment rate for each hospital discharge, in accordance
116	with this section.
117	(b) The uniform assessment rate shall be determined using the total number of hospital
118	discharges for assessed hospitals divided into the total nonfederal portion [of the upper
119	payment limit gap] in an amount equal to the \$154 million that is needed to support capitated
120	rates for accountable care organizations for purposes of hospital services provided to Medicaid

121	enrollees.
122	(c) Any quarterly changes to the uniform assessment rate shall be applied uniformly to
123	all assessed hospitals.
124	(d) [(i) Except as provided in Subsection (2)(d)(ii), the] The annual uniform
125	assessment rate may not generate more than [the non-federal share of the annual upper payment
126	limit gap for the fiscal year.]:
127	[(ii) For fiscal years 2011-12 and 2012-13 the department may generate an additional
128	amount from the assessment imposed under Subsection (2)(d)(i) in the amount of:]
129	[(A)] (i) \$1,000,000 to offset Medicaid mandatory expenditures; and
130	[(B)] (ii) the nonfederal share to seed amounts needed to support capitated rates for
131	accountable care organizations as provided for in Section (1)(b).
132	[(3) (a) For state fiscal years 2010 and 2011, discharges shall be determined using the
133	data from each hospital's Medicare Cost Report contained in the Centers for Medicare and
134	Medicaid Services' Healthcare Cost Report Information System file as of April 1, 2009, for
135	hospital fiscal years ending between October 1, 2007, and September 30, 2008.]
136	[(b) If a hospital's fiscal year Medicare Cost Report is not contained in the Centers for
137	Medicare and Medicaid Services' Healthcare Cost Report Information System file dated March
138	31, 2009:]
139	[(i) the hospital shall submit to the division a copy of the hospital's Medicare Cost
140	Report with a fiscal year end between October 1, 2007, and September 30, 2008; and]
141	[(ii) the division shall determine the hospital's discharges from the information
142	submitted under Subsection (3)(b)(i).]
143	[(c) If a hospital started operations after the due date for a 2007 Medicare Cost Report:
144	[(i) the hospital shall submit to the division a copy of the hospital's most recent
145	complete year Medicare Cost Report; and]
146	[(ii) the division shall determine the hospital's discharges from the information
147	submitted under Subsection (3)(e)(i).]
148	[(d) If a hospital is not certified by the Medicare program and is not required to file a
149	Medicare Cost Report:
150	[(i) the hospital shall submit to the division its applicable fiscal year discharges with
151	supporting documentation:

S.B. 166 02-05-13 4:39 PM

152	[(ii) the division shall determine the hospital's discharges from the information
153	submitted under Subsection (3)(d)(i); and]
154	[(iii) the failure to submit discharge information under Subsections (3)(d)(i) and (ii)
155	shall result in an audit of the hospital's records by the department and the imposition of a
156	penalty equal to 5% of the calculated assessment.]
157	[(4)] (2) (a) For each state fiscal year [2012 and 2013], discharges shall be determined
158	using the data from each hospital's Medicare Cost Report contained in the Centers for Medicare
159	and Medicaid Services' Healthcare Cost Report Information System file [as of:]. The hospital's
160	discharge data will be derived as follows:
161	[(i) for state fiscal year 2012, September 30, 2010, for hospital fiscal years ending
162	between October 1, 2008, and September 30, 2009; and]
163	[(ii) for state fiscal year 2013, September 30, 2011, for hospital fiscal years ending
164	between October 1, 2009, and September 30, 2010.]
165	(i) for state fiscal year 2013, the hospital's cost report data for the hospital's fiscal year
166	ending between July 1, 2009, and June 30, 2010;
167	(ii) for state fiscal year 2014, the hospital's cost report data for the hospital's fiscal year
168	ending between July 1, 2010, and June 30, 2011;
169	(iii) for state fiscal year 2015, the hospital's cost report data for the hospital's fiscal year
170	ending between July 1, 2011, and June 30, 2012; and
171	(iv) for state fiscal year 2016, the hospital's cost report data for the hospital's fiscal year
172	ending between July 1, 2012, and June 30, 2013.
173	(b) If a hospital's fiscal year Medicare Cost Report is not contained in the Centers for
174	Medicare and Medicaid Services' Healthcare Cost Report Information System file:
175	(i) the hospital shall submit to the division a copy of the hospital's Medicare Cost
176	Report applicable to the assessment year; and
177	(ii) the division shall determine the hospital's discharges.
178	(c) If a hospital is not certified by the Medicare program and is not required to file a
179	Medicare Cost Report:
180	(i) the hospital shall submit to the division its applicable fiscal year discharges with
181	supporting documentation;
182	(ii) the division shall determine the hospital's discharges from the information

183	submitted under Subsection [(4)] (2) (c)(i); and
184	(iii) the failure to submit discharge information shall result in an audit of the hospital's
185	records and a penalty equal to 5% of the calculated assessment.
186	[(5)] (3) Except as provided in Subsection [(6)] (4), if a hospital is owned by an
187	organization that owns more than one hospital in the state:
188	(a) the assessment for each hospital shall be separately calculated by the department;
189	and
190	(b) each separate hospital shall pay the assessment imposed by this chapter.
191	[(6)] (4) Notwithstanding the requirement of Subsection [(5)] (3), if multiple hospitals
192	use the same Medicaid provider number:
193	(a) the department shall calculate the assessment in the aggregate for the hospitals
194	using the same Medicaid provider number; and
195	(b) the hospitals may pay the assessment in the aggregate.
196	[(7) (a) The assessment formula imposed by this section, and the inpatient access
197	payments under Section 26-36a-205, shall be adjusted in accordance with Subsection (7)(b) if a
198	hospital, for any reason, does not meet the definition of a hospital subject to the assessment
199	under Section 26-36a-103 for the entire fiscal year.]
200	[(b) The department shall adjust the assessment payable to the department under this
201	chapter for a hospital that is not subject to the assessment for an entire fiscal year by
202	multiplying the annual assessment calculated under Subsection (3) or (4) by a fraction, the
203	numerator of which is the number of days during the year that the hospital operated, and the
204	denominator of which is 365.]
205	[(c) A hospital described in Subsection (7)(a):]
206	[(i) that is ceasing to operate in the state, shall pay any assessment owed to the
207	department immediately upon ceasing to operate in the state; and]
208	[(ii) shall receive Medicaid inpatient hospital access payments under Section
209	26-36a-205 for the state fiscal year, adjusted using the same formula described in Subsection
210	(7)(b).]
211	[(8) A hospital that is subject to payment of the assessment at the beginning of a state
212	fiscal year, but during the state fiscal year experiences a change in status so that it no longer
213	falls under the definition of a hospital subject to the assessment in Section 26-36a-204, shall:

214	(a) not be required to pay the hospital assessment beginning on the date established by
215	the department by administrative rule; and]
216	[(b) not be entitled to Medicaid inpatient hospital access payments under Section
217	26-36a-205 on the date established by the department by administrative rule.]
218	Section 4. Section 26-36a-204 is amended to read:
219	26-36a-204. Quarterly notice Collection.
220	[(1) (a) The division shall submit to the Center for Medicare and Medicaid Services:]
221	[(i) the payment methodology for the assessment imposed by this chapter; and]
222	[(ii) if necessary, a waiver under 42 C.F.R. Sec. 433.68.]
223	[(b) When the division receives notice of approval of the assessment and access
224	payments under this chapter from the Center for Medicare and Medicaid Services, the division
225	shall, within 45 days of the notice from the Center for Medicare and Medicaid Services,
226	provide a hospital that is subject to the assessment notice of:]
227	[(i) the approval of the assessment methodology from the Center for Medicare and
228	Medicaid Services;]
229	[(ii) the assessment rate;]
230	[(iii) the hospital's discharges subject to the assessment; and]
231	[(iv) the assessment amount owed by the hospital for the applicable fiscal year.]
232	[(2) The initial quarterly installments of the assessment imposed by this chapter are due
233	and payable if:]
234	[(a) the division has provided notice of the annual assessment under Subsection (1);
235	and]
236	[(b) the division has made all the quarterly installments of the Medicaid inpatient
237	hospital access payments that were otherwise due under Section 26-36a-205, consistent with
238	the effective date of the approved state plan amendment.]
239	[(3) After the initial quarterly installments of the Medicaid inpatient hospital access
240	payments are made by the division, a hospital shall pay to the division the initial quarterly
241	assessments imposed by this chapter within 10 business days. Subsequent quarterly]
242	Quarterly assessments imposed by this chapter shall be paid to the division within [10]
243	15 business days after the [hospital receives its Medicaid inpatient hospital access payment due
244	for the applicable quarter under Section 26-36a-205] date that appears on the invoice issued by

243	the division.
246	Section 5. Section 26-36a-205 is amended to read:
247	26-36a-205. Medicaid hospital adjustment under accountable care organization
248	rates.
249	[(1)] To preserve and improve access to [hospitals] hospital services, the division shall
250	[make Medicaid inpatient hospital access payments to hospitals in accordance with this section,
251	Section 26-36a-204, and Subsection 26-36a-203(7)], for accountable care organization rates
252	effective on or after April 1, 2013, incorporate an amount equal to \$154 million into the
253	accountable care organization rate structure consistent with the certified actuarial rate range.
254	[(2) (a) The Medicaid inpatient hospital access payment amount to a particular hospital
255	shall be established by the division.]
256	[(b) The aggregate of all hospital's Medicaid inpatient hospital access payments shall
257	be:]
258	[(i) equal to the upper payment limit gap for inpatient services for all hospitals; and]
259	[(ii) designated as the Medicaid inpatient hospital access payment pool.]
260	[(3) In addition to any other funds paid to hospitals during fiscal years 2010 and 2011
261	for inpatient hospital services to Medicaid patients, a Medicaid hospital inpatient access
262	payment shall be made:
263	[(a) for state fiscal years 2010 and 2011:]
264	[(i) the amount of \$825 per Medicaid fee for service day, to a hospital that:]
265	[(A) was not a specialty hospital; and]
266	[(B) had less than 300 select access inpatient cases during state fiscal year 2008; and]
267	[(ii) inpatient hospital access payments as determined by dividing the remaining
268	spending room available in the current year UPL, after offsetting the payments authorized
269	under Subsection (3)(a)(i) by the total 2008 Medicaid inpatient hospital payments, multiplied
270	by the hospital's Medicaid inpatient payments for state fiscal year 2008, exclusive of medical
271	education and Medicaid disproportionate share payments;]
272	[(b) for state fiscal year 2012:]
273	[(i) the amount of \$825 per Medicaid fee for service day, to a hospital that:]
274	[(A) is not a specialty hospital; and]
275	[(B) has less than 300 select access inpatient cases during the state fiscal year 2008;

270	and j
277	[(ii) inpatient hospital access payments as determined by dividing the remaining
278	spending room available in the current year upper payment limit, after offsetting the payments
279	authorized under Subsection (3)(a)(i), by the total 2009 Medicaid inpatient hospital payments,
280	multiplied by the hospital's Medicaid inpatient payments for state fiscal year 2009; and]
281	[(c) for state fiscal year 2013:]
282	[(i) the amount of \$825 per Medicaid fee for service day, to a hospital that:]
283	[(A) is not a specialty hospital; and]
284	[(B) has less than 300 select access inpatient cases during the state fiscal year 2008;
285	and]
286	[(ii) inpatient hospital access payments as determined by dividing the remaining
287	spending room available in the current year upper payment limit, after offsetting the payments
288	authorized under Subsection (3)(a)(i), by the total 2010 Medicaid inpatient hospital payments,
289	multiplied by the hospital's Medicaid inpatient payments for state fiscal year 2010.]
290	[(4) Medicaid inpatient hospital access payments shall be made:]
291	[(a) on a quarterly basis for inpatient hospital services furnished to Medicaid
292	individuals during each quarter; and]
293	[(b) within 15 days after the end of each quarter.]
294	[(5) A hospital's Medicaid inpatient access payment shall not be used to offset any
295	other payment by Medicaid for hospital inpatient or outpatient services to Medicaid
296	beneficiaries, including a:]
297	[(a) fee-for-service payment;]
298	[(b) per diem payment;]
299	[(c) hospital inpatient adjustment; or]
300	[(d) cost settlement payment.]
301	[(6) When the division obtains approval from the Centers for Medicare and Medicaid
302	Services for the Medicaid Waiver - Accountable Care Organizations, and has determined the
303	capitated rate for the accountable care organizations, the department shall consult with the Utah
304	Hospitals Association to develop an alternative supplemental payment methodology that can be
305	approved by the Centers for Medicare and Medicaid Services.]
306	[(7) A hospital shall not be guaranteed that the hospital's Medicaid inpatient hospital

02-05-13 4:39 PM S.B. 166

307	access payments will equal or exceed the amount of the hospital's assessment.]
308	Section 6. Section 26-36a-206 is amended to read:
309	26-36a-206. Penalties and interest.
310	(1) A facility that fails to pay any assessment or file a return as required under this
311	chapter, within the time required by this chapter, shall pay, in addition to the assessment,
312	penalties and interest established by the department.
313	(2) (a) Consistent with Subsection (2)(b), the department shall adopt rules in
314	accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, which establish
315	reasonable penalties and interest for the violations described in Subsection (1).
316	(b) If a hospital fails to timely pay the full amount of a quarterly assessment, the
317	department shall add to the assessment:
318	(i) a penalty equal to 5% of the quarterly amount not paid on or before the due date;
319	and
320	(ii) on the last day of each quarter after the due date until the assessed amount and the
321	penalty imposed under Subsection (2)(b)(i) are paid in full, an additional 5% penalty on:
322	(A) any unpaid quarterly assessment; and
323	(B) any unpaid penalty assessment.
324	[(e) The division may waive, reduce, or compromise the penalties and interest provided
325	for in this section in the same manner as provided in Subsection 59-1-401(8).]
326	(c) Upon making a record of its actions, and upon reasonable cause shown, the division
327	may waive, reduce, or compromise any of the penalties imposed under this part.
328	Section 7. Section 26-36a-207 is amended to read:
329	26-36a-207. Restricted Special Revenue Fund Creation Deposits.
330	(1) There is created a restricted special revenue fund known as the "Hospital Provider
331	Assessment Special Revenue Fund."
332	(2) The fund shall consist of:
333	(a) the assessments collected by the department under this chapter;
334	(b) any interest and penalties levied with the administration of this chapter; and
335	(c) any other funds received as donations for the restricted fund and appropriations
336	from other sources.
337	(3) Money in the fund shall be used:

S.B. 166 02-05-13 4:39 PM

338	[(a) to make inpatient hospital access payments under Section 26-36a-205; and]
339	(a) to support capitated rates for accountable care organizations in an amount equal to
340	\$154 million; and
341	(b) to reimburse money collected by the division from a hospital through a mistake
342	made under this chapter.
343	Section 8. Section 26-36a-208 is amended to read:
344	26-36a-208. Repeal of assessment.
345	(1) The repeal of the assessment imposed by this chapter shall occur upon the
346	certification by the executive director of the department that the sooner of the following has
347	occurred:
348	(a) the effective date of any action by Congress that would disqualify the assessment
349	imposed by this chapter from counting towards state Medicaid funds available to be used to
350	determine the federal financial participation;
351	(b) the effective date of any decision, enactment, or other determination by the
352	Legislature or by any court, officer, department, or agency of the state, or of the federal
353	government that has the effect of:
354	(i) disqualifying the assessment from counting towards state Medicaid funds available
355	to be used to determine federal financial participation for Medicaid matching funds; or
356	(ii) creating for any reason a failure of the state to use the assessments for the Medicaid
357	program as described in this chapter; [and]
358	(c) the effective date of:
359	(i) an appropriation for any state fiscal year from the General Fund for hospital
360	payments under the state Medicaid program that is less than the amount appropriated for state
361	fiscal year 2012;
362	(ii) the annual revenues of the state General Fund budget return to the level that was
363	appropriated for fiscal year 2008;
364	(iii) approval of any change in the state Medicaid plan that requires a greater
365	percentage of Medicaid patients to enroll in Medicaid managed care plans than what is
366	required:
367	(A) to implement accountable care organizations in the state plan; and
368	(B) by other managed care enrollment requirements in effect on or before January 1,

398

399

Section 10. Repealer.

This bill repeals:

369	2012;
370	(iv) a division change in rules that reduces any of the following below July 1, 2011
371	payments:
372	(A) aggregate hospital inpatient payments;
373	(B) adjustment payment rates; or
374	(C) any cost settlement protocol; or
375	(v) a division change in rules that reduces the aggregate outpatient payments below
376	July 1, 2011, payments[-]; and
377	(d) the sunset of this chapter in accordance with Section 63I-1-226.
378	(2) If the assessment is repealed under Subsection (1), money in the fund that was
379	derived from assessments imposed by this chapter, before the determination made under
380	Subsection (1), shall be disbursed under Section 26-36a-205 to the extent federal matching is
381	not reduced due to the impermissibility of the assessments. Any funds remaining in the special
382	revenue fund shall be refunded to the hospitals in proportion to the amount paid by each
383	hospital.
384	Section 9. Section 63I-1-226 is amended to read:
385	63I-1-226. Repeal dates, Title 26.
386	(1) Title 26, Chapter 9f, Utah Digital Health Service Commission Act, is repealed July
387	1, 2015.
388	(2) Section 26-18-12, Expansion of 340B drug pricing programs, is repealed July 1,
389	2013.
390	(3) Section 26-21-23, Licensing of non-Medicaid nursing care facility beds, is repealed
391	July 1, 2016.
392	(4) Section 26-21-211 is repealed July 1, 2013.
393	(5) Title 26, Chapter 33a, Utah Health Data Authority Act, is repealed July 1, 2014.
394	(6) Title 26, Chapter 36a, Hospital Provider Assessment Act, is repealed July 1, [2013]
395	<u>2016</u> .
396	(7) Section 26-38-2.5 is repealed July 1, 2017.
397	(8) Section 26-38-2.6 is repealed July 1, 2017.

Section 26-36a-209, State plan amendment.

Section 11. Effective date.

If approved by two-thirds of all the members elected to each house, this bill takes effect on April 1, 2013.

Legislative Review Note as of 2-4-13 3:33 PM

S.B. 166

Office of Legislative Research and General Counsel

02-05-13 4:39 PM

- 14 -