

SENATE FILE NO. SF0067

Hospital cost study.

Sponsored by: Joint Labor, Health & Social Services Interim  
Committee

A BILL

for

1 AN ACT relating to the provision of health care; requiring a  
2 study of high Wyoming hospital costs and discrimination by  
3 the federal Medicare program against Wyoming residents and  
4 Wyoming health care providers; requiring a study of the  
5 impacts of the discrimination; requiring a study relating to  
6 health care services and funding as specified; requiring a  
7 study of the loss of medical services in Wyoming and the use  
8 of out-of-state providers to provide medical services to  
9 Wyoming residents; providing an appropriation; and providing  
10 for an effective date.

11

12 *Be It Enacted by the Legislature of the State of Wyoming:*

13

14 **Section 1.**

15

1           (a) The office of the governor, with the assistance of  
2 qualified persons or contractors hired for the purpose, shall  
3 perform the studies required by this section and include the  
4 studies in the report required by this section.

5

6           (b) The governor, with the assistance of qualified  
7 persons or contractors, shall study and report on the  
8 following topics:

9

10           (i) Identify the cost shift in the Medicare  
11 prospective payment system (PPS) context to commercial  
12 insurers, self-insured businesses and private payors caused  
13 by Medicare and other payors who reimburse or pay less than  
14 the costs incurred by a health care provider or hospital in  
15 providing a service;

16

17           (ii) Identify the cost shift in the critical  
18 access hospitals context, as defined by Medicare, to  
19 commercial insurers, self-insured businesses and private  
20 payors caused by Medicare and other payors who reimburse or  
21 pay less than the costs incurred by a health care provider or  
22 hospital in providing a service;

23

1           (iii) Identify how actual costs and charges paid  
2 in Wyoming by Medicare and by commercial insurers compare to  
3 similar payments made in surrounding states and in a sample  
4 of community and academic medical hospitals in coastal states  
5 for common medical procedures and for those procedures where  
6 a patient from Wyoming is most likely to receive the procedure  
7 out-of-state;

8  
9           (iv) Identify or estimate total health care  
10 spending for all Wyoming residents and identify how much of  
11 that spending occurs outside of Wyoming. Identify whether  
12 the percentage of out-of-state spending is likely to change  
13 and, if so, the likely reasons for the change;

14  
15           (v) Identify what types of medical care, if any,  
16 may become no longer economically or medically viable in  
17 Wyoming as a result of out-of-state competition. Identify  
18 the health risks to Wyoming residents which may result from  
19 any reduction in the identified types of medical care. If  
20 requested by the governor or a contractor, the department of  
21 health shall provide assistance in providing the analysis  
22 required by this paragraph;

23

1           (vi) Any difficulties in recruiting physicians and  
2 other health care providers created by low reimbursements in  
3 general, and low Medicare reimbursements in particular;  
4

5           (vii) The reasons for high hospital costs in  
6 Wyoming. The validity and influence of the following factors  
7 and answers to the following questions, which may contribute  
8 to Wyoming's high hospital costs, shall be analyzed and  
9 considered:  
10

11           (A) To what extent does there exist in  
12 Wyoming an inadequate volume of patients to spread fixed  
13 hospital costs, including capital costs, fixed or per unit  
14 administrative costs and costs of specialized medical teams;  
15

16           (B) Do high professional labor costs and  
17 difficulties recruiting professional labor due to a lack of  
18 urban amenities and appropriate employment opportunities for  
19 professional spouses contribute to high hospital costs? Do  
20 these factors result in hospitals paying higher wages or  
21 paying the very high costs of retaining temporary traveling  
22 professionals;  
23

1                   (C) Do inefficiencies in hospital operations  
2 cause high hospital costs that could be controlled with better  
3 management? Does a lack of competitive cost pressure, caused  
4 in part by the isolated nature of many Wyoming hospitals and  
5 the fact that few health care options exist outside of a  
6 single hospital in many Wyoming communities, contribute to  
7 this problem;

8  
9                   (D) Do excessive profits lead to high  
10 hospital costs in Wyoming;

11  
12                   (E) Does Wyoming provide less state and local  
13 support to hospitals than other states? This support includes  
14 Medicaid at the state level, local mill levies (either part  
15 of the county mill levy or hospital district mill levies),  
16 state programs to compensate hospitals for uncompensated care  
17 and, outside Wyoming, municipal support for hospitals;

18  
19                   (F) Does uncompensated care, including bad  
20 debt, raise Wyoming's hospital costs as compared to other  
21 states;

22

1                   (G) Is it possible that in Centers for  
2 Medicare and Medicaid Services 2014 data or other more recent  
3 data sets, Wyoming's nursing home costs may be being shifted  
4 to the hospital category, increasing reported hospital costs,  
5 decreasing nursing home costs and other anomalous features of  
6 the data collection in any data set used;

7

8                   (H) Does the number of critical access  
9 hospitals in Wyoming (25 beds or less, frequently with a low  
10 patient census) contribute to Wyoming's high hospital costs  
11 relative to other states;

12

13                   (J) Does prolonged care provided to mental  
14 health patients at Wyoming hospitals create additional  
15 hospital costs in Wyoming? To what extent are these  
16 additional costs caused by the inadequate availability of  
17 mental health treatment options outside the hospital;

18

19                   (K) Are there institutional forces,  
20 including network provider requirements within the Wyoming  
21 state employees' and officials' group insurance plan and  
22 network requirements of private health insurance providers,  
23 that cause Wyoming residents to seek hospital care out-of-

1 state and are there other factors that incentivize residents  
2 to seek care in other states;

3

4 (M) Do any Wyoming statutes, rules or  
5 regulations cause an unnecessary increase in hospital costs  
6 in Wyoming.

7

8 (viii) What share of Wyoming's total hospital  
9 costs are generated by critical access hospitals;

10

11 (ix) Opportunities to broaden the payor base  
12 relating to Wyoming health care services, including  
13 alternative funding mechanisms and innovative strategies for  
14 reducing health care costs.

15

16 (c) The following entities shall coordinate with the  
17 governor's office and any persons or contractors hired by the  
18 governor's office and shall provide reports and analyses for  
19 inclusion in the reports required by this section as follows:

20

21 (i) The department of health shall, based on its  
22 professional knowledge and other reliable research, analyze  
23 the following issues:

1

2 (A) The effect on Wyoming patients in terms  
3 of mortality, morbidity and general well-being of receiving  
4 medical care in their home community, as opposed to receiving  
5 care in a distant location;

6

7 (B) Identification of the most common,  
8 serious medical conditions treated in Wyoming's larger  
9 communities and identification of those medical conditions  
10 which pose significant mortality or morbidity risks if  
11 treatment becomes unavailable in a Wyoming community and a  
12 patient is required to travel elsewhere to obtain the  
13 treatment. Consideration shall be given to the risks of both  
14 travel time under normal travel conditions and travel when  
15 weather or other factors delay or temporarily prevent safe  
16 travel.

17

18 (ii) The attorney general shall consider and  
19 report to the governor on the following:

20

21 (A) Whether legal action over Medicare's low  
22 and discriminatory reimbursement practices in Wyoming could  
23 provide relief from the problems created by the low and



1 discriminatory reimbursement practices. The attorney general  
2 shall provide information about the identity of the proper  
3 plaintiff in any legal action;

4

5 (B) Whether legal precedents supporting  
6 public utility rate regulation and other regulatory  
7 mechanisms have or could have any application to Medicare  
8 reimbursement rates and could serve as a basis for regulating  
9 Medicare reimbursement in Wyoming or requiring fair Medicare  
10 reimbursement rates;

11

12 (C) The report and analysis required by this  
13 paragraph does not require a definitive answer on the subjects  
14 analyzed but does seek a recommendation as to whether the  
15 state should spend the resources necessary to more fully  
16 determine if legal action should be pursued.

17

18 (d) The governor, or at the governor's direction the  
19 persons or consultants hired by the governor pursuant to this  
20 section, shall compile all reports and analyses required by  
21 this section, together with any recommendations that he and  
22 the consultants or persons may have, into a single report  
23 that shall be provided to the joint labor, health and social

1 services interim committee, the joint appropriations  
2 committee and to the legislative service office on or before  
3 October 1, 2019. The governor shall determine if the report  
4 will be a final report, or if the report shall be a  
5 preliminary report with a final report to be submitted on or  
6 before August 1, 2020. In submitting any report, the governor  
7 may include or exclude any portion of the analysis provided  
8 by the attorney general under paragraph (c)(ii) of this  
9 section in order to comply with the law or to not jeopardize  
10 any legal claim recommended by the attorney general.

11

12 **Section 2.**

13

14 (a) The governor:

15

16 (i) May create a steering committee to advise on  
17 the issues identified in section 1 of this act and to help  
18 direct any of the duties or tasks imposed by section 1 of  
19 this act. The steering committee shall consist of at least  
20 one (1) member of the senate appointed by the president of  
21 the senate, one (1) member of the house of representatives  
22 appointed by the speaker of the house of representatives and  
23 additional membership as the governor deems appropriate;

1

2           (ii) May assign to the steering committee or any  
3 state agency he deems appropriate, or otherwise delegate to  
4 anyone he deems appropriate, any duty or task assigned to the  
5 governor under section 1 of this act.

6

7           **Section 3.** There is appropriated two hundred thousand  
8 dollars (\$200,000.00) from the general fund to the governor.  
9 This appropriation shall be for the period beginning with the  
10 effective date of this act and ending June 30, 2021. This  
11 appropriation shall only be expended to contract with  
12 qualified persons to provide the studies, analyses and  
13 reports required by this act and for assembling, reproducing  
14 and distributing the reports required by this act.  
15 Notwithstanding any other provision of law, this  
16 appropriation shall not be transferred or expended for any  
17 other purpose and any unexpended, unobligated funds remaining  
18 from this appropriation shall revert as provided by law on  
19 June 30, 2021.

20

1           **Section 4.** This act is effective immediately upon  
2 completion of all acts necessary for a bill to become law as  
3 provided by Article 4, Section 8 of the Wyoming Constitution.

4

5

(END)