

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 351

BY HEALTH AND WELFARE COMMITTEE

AN ACT

1 RELATING TO MEDICAID; AMENDING CHAPTER 1, TITLE 56, IDAHO CODE, BY THE AD-
2 DITION OF A NEW SECTION 56-116, IDAHO CODE, TO ESTABLISH PROVISIONS
3 REGARDING A NURSING FACILITY PAYMENT METHODOLOGY; AMENDING SECTION
4 56-265, IDAHO CODE, TO REVISE PROVISIONS REGARDING PROVIDER PAYMENT,
5 TO PROVIDE FOR CERTAIN REIMBURSEMENTS, TO PROVIDE FOR A REDUCTION IN
6 REIMBURSEMENTS, TO PROVIDE FOR THE ESTABLISHMENT OF VALUE-BASED PAY-
7 MENT METHODS FOR CERTAIN SERVICES, AND TO PROVIDE FOR THE ESTABLISHMENT
8 OF A QUALITY PAYMENT PROGRAM; AMENDING SECTION 56-1505, IDAHO CODE, TO
9 PROVIDE FOR ADJUSTMENTS IN CERTAIN ASSESSMENTS AND TO MAKE TECHNICAL
10 CORRECTIONS; AND DECLARING AN EMERGENCY.
11

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

13 SECTION 1. That Chapter 1, Title 56, Idaho Code, be, and the same is
14 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
15 ignated as Section 56-116, Idaho Code, and to read as follows:

16 56-116. NURSING FACILITY PAYMENT METHODOLOGY. The department shall
17 work with Idaho nursing facility providers to establish a new prospective
18 payment method for nursing facilities to replace existing reimbursement
19 methods. Payments to nursing facilities under this method shall take into
20 account patient needs, facility quality of care, reasonable cost princi-
21 ples, and state budget limitations. Budgets for nursing facility payments
22 shall be subject to prospective legislative approval. The new payment
23 methodology shall be implemented effective July 1, 2021.

24 SECTION 2. That Section 56-265, Idaho Code, be, and the same is hereby
25 amended to read as follows:

26 56-265. PROVIDER PAYMENT. (1) Where there is an equivalent, the pay-
27 ment to medicaid providers:

28 (a) May be up to but shall not exceed one hundred percent (100%) of the
29 current medicare rate for primary care procedure codes as defined by the
30 centers for medicare and medicaid services; and

31 (b) Shall be ninety percent (90%) of the current medicare rate for all
32 other procedure codes.

33 (2) Where there is no medicare equivalent, the payment rate to medicaid
34 providers shall be prescribed by rule.

35 (3) Notwithstanding any other provision of this chapter, if the ser-
36 vices are provided ~~to an adolescent~~ by a private, freestanding mental health
37 hospital facility that is an institution for mental disease as defined in
38 42 U.S.C. 1396d(i), the department shall reimburse for ~~those inpatient~~
39 services at a rate not to exceed ninety-one percent (91%) of the current
40 medicare rate within federally allowed reimbursement under the medicaid

1 program. The reimbursement provided for in this subsection shall be effec-
2 tive until July 1, 2021.

3 (4) The department shall, through the annual budget process, include
4 a line-item request for adjustments to provider rates. All changes to
5 provider payment rates shall be subject to approval of the legislature by
6 appropriation.

7 (5) Notwithstanding any other provision of this chapter, the depart-
8 ment may enter into agreements with providers to pay for services based on
9 their value in terms of measurable health care quality and positive impacts
10 to participant health.

11 (a) Any such agreement shall be designed to be cost-neutral or cost-
12 saving compared to other payment methodologies.

13 (b) The department is authorized to pursue waiver agreements with the
14 federal government as needed to support value-based payment arrange-
15 ments, up to and including fully capitated provider-based managed care.

16 (6) Medicaid reimbursement for critical access, out-of-state, and
17 state-owned hospitals shall be as follows:

18 (a) In-state, critical access hospitals as designated according to 42
19 U.S.C. 1395i-4(c) (2) (B) shall be reimbursed at one hundred one percent
20 (101%) of cost;

21 (b) Out-of-state hospitals shall be reimbursed at eighty-seven percent
22 (87%) of cost;

23 (c) State-owned hospitals shall be reimbursed at one hundred percent
24 (100%) of cost; and

25 (d) Out-of-state hospital institutions for mental disease as defined
26 in 42 U.S.C. 1396d(i) shall be reimbursed at a per diem equivalent to
27 ninety-five percent (95%) of cost.

28 (7) The department shall equitably reduce net reimbursements for all
29 hospital services, including in-state institutions for mental disease but
30 excluding all hospitals and institutions described in subsection (6) of
31 this section, by amounts targeted to reduce general fund needs for hospital
32 payments by three million one hundred thousand dollars (\$3,100,000) in state
33 fiscal year 2020 and eight million seven hundred twenty thousand dollars
34 (\$8,720,000) in state fiscal year 2021.

35 (8) The department shall work with all Idaho hospitals, including in-
36 stitutions for mental disease as defined in 42 U.S.C. 1396d(i), to establish
37 value-based payment methods for inpatient and outpatient hospital services
38 to replace existing cost-based reimbursement methods for in-state hospi-
39 tals, other than those hospitals and institutions described in subsection
40 (6) of this section, effective July 1, 2021. Budgets for hospital payments
41 shall be subject to prospective legislative approval.

42 (9) The department shall work with Idaho hospitals to establish a
43 quality payment program for inpatient and outpatient adjustment payments
44 described in section 56-1406, Idaho Code. Inpatient and outpatient adjust-
45 ment payments shall be subject to increase or reduction based on hospital
46 service quality measures established by the department in consultation with
47 Idaho hospitals.

48 SECTION 3. That Section 56-1505, Idaho Code, be, and the same is hereby
49 amended to read as follows:

1 56-1505. NURSING FACILITY ASSESSMENTS. (1) Nursing facilities shall
2 pay the nursing facility assessment to the fund in accordance with the provi-
3 sions of this chapter, with the exception of state and county-owned facili-
4 ties, which are not required to contribute.

5 (2) The aggregated amount of assessments for all nursing facilities,
6 during a fiscal year, shall be an amount not exceeding the maximum percentage
7 allowed under federal law of the total aggregate net patient service revenue
8 of assessed facilities from each provider's prior fiscal year. The depart-
9 ment shall determine the assessment rate prospectively for the applicable
10 fiscal year on a per-resident-day basis, exclusive of medicare part A resi-
11 dent days. The per-resident-day assessment rate shall be uniform. The de-
12 partment shall notify nursing facilities of the assessment rate applicable
13 to the fiscal year by August 30 of that fiscal year.

14 (3) The department shall collect, and each nursing facility shall pay,
15 the nursing facility assessment on an annual basis subject to the terms of
16 this subsection. The nursing facility assessment shall be due annually,
17 with the initial payment due within sixty (60) days after the state plan has
18 been approved by CMS. Subsequent annual payments are due no later than thirty
19 (30) days after receipt of the department invoice.

20 (4) Nursing facilities may increase their charges to other payers to
21 incorporate the assessment but shall not create a separate line-item charge
22 on the bill reflecting the assessment.

23 (5) (a) For state fiscal years 2020 and 2021, the department shall ad-
24 just assessments and payments for privately owned nursing facilities as
25 follows. The department shall:

26 (i) Increase nursing facility assessments by an amount adequate
27 to reduce state general fund needs by one million seven hundred
28 eighty-six thousand dollars (\$1,786,000) in state fiscal year
29 2020 and five million dollars (\$5,000,000) in state fiscal year
30 2021; and

31 (ii) Support provider rate adjustments that will offset the med-
32 icaid share of the assessment increase.

33 (b) The department shall work with nursing facility providers to col-
34 lect the increased assessments on a schedule to support state budget
35 needs and provider rate adjustments.

36 (c) Provider rate adjustments for state fiscal years 2020 and 2021
37 shall not be considered or carried forward for payments established
38 under section 56-116, Idaho Code.

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