

IN THE SENATE

SENATE BILL NO. 1092

BY HEALTH AND WELFARE COMMITTEE

AN ACT

1 RELATING TO MEDICAID; AMENDING SECTION 56-265, IDAHO CODE, TO PROVIDE FOR
2 REIMBURSEMENT FOR NEW IN-STATE HOSPITALS SERVING AS MEDICAID PROVIDERS
3 AND TO MAKE A TECHNICAL CORRECTION.
4

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

6 SECTION 1. That Section 56-265, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 56-265. PROVIDER PAYMENT. (1) Where there is an equivalent, the pay-
9 ment to medicaid providers:

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

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

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

17 (3) Notwithstanding any other provision of this chapter, if the
18 services are provided by a private, freestanding mental health hospital
19 facility that is an institution for mental disease as defined in 42 U.S.C.
20 1396d(i), the department shall reimburse for inpatient services at a rate
21 not to exceed ninety-one percent (91%) of the current medicare rate within
22 federally allowed reimbursement under the medicaid program. The reimburse-
23 ment provided for in this subsection shall be effective until July 1, 2021.

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

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

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

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

37 (6) Medicaid reimbursement for critical access hospitals, out-of-
38 state hospitals, ~~and~~ state-owned hospitals, and new in-state hospitals
39 shall be as follows:

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

1 (b) Out-of-state hospitals shall be reimbursed at eighty-seven percent
2 (87%) of cost;

3 (c) State-owned hospitals shall be reimbursed at one hundred percent
4 (100%) of cost; ~~and~~

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

8 (e) New in-state hospitals, defined as those that have received first
9 accreditation from the centers for medicare and medicaid services
10 (CMS) or other CMS-approved accreditation bodies and are designated as
11 in-state noncritical access hospitals will be reimbursed at ninety-one
12 percent (91%) of cost for a period of thirty-six (36) months following
13 receipt of accreditation approval. Following the initial thirty-six
14 (36) month period, new in-state hospitals will be reimbursed pursuant
15 to subsection (8) of this section.

16 (7) The department shall equitably reduce net reimbursements for all
17 hospital services, including in-state institutions for mental disease but
18 excluding all hospitals and institutions described in subsection (6) of
19 this section, by amounts targeted to reduce general fund needs for hospital
20 payments by three million one hundred thousand dollars (\$3,100,000) in state
21 fiscal year 2020 and eight million seven hundred twenty thousand dollars
22 (\$8,720,000) in state fiscal year 2021.

23 (8) The department shall work with all Idaho hospitals, including in-
24 stitutions for mental disease as defined in 42 U.S.C. 1396d(i), to establish
25 value-based payment methods for inpatient and outpatient hospital services
26 to replace existing cost-based reimbursement methods for in-state hospi-
27 tals, other than those hospitals and institutions described in subsection
28 (6) of this section, effective July 1, 2021. Budgets for hospital payments
29 shall be subject to prospective legislative approval. Any new in-state hos-
30 pital as described in subsection (6) (e) of this section will be reimbursed
31 pursuant to this subsection once the first thirty-six (36) months of oper-
32 ation are complete.

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