

STATEMENT OF PURPOSE

RS28456C1 / S1092

The purpose of this legislation is to provide a new hospital in Idaho with a 36-month ramp-up period where they will be eligible to be reimbursed for Medicaid services by the Idaho Department of Health and Welfare on a fee for service cost basis, as set in Idaho Code § 56-265. New hospitals are defined in the legislation as those that have received their first accreditation from the Centers for Medicare and Medicaid (CMS), or other CMS-approved accreditation bodies. At the conclusion of the 36-month period, new hospitals are directed to work with the Department of Health and Welfare to establish value-based payment methods for inpatient and outpatient hospital services to replace the existing cost-based reimbursement method, pursuant to Idaho Code § 56-265(8).

FISCAL NOTE

It is difficult to estimate the exact fiscal impact to the General Fund. The proposal would only be utilized by new hospitals and the rate of Medicaid reimbursement could vary from zero to 10 percent based on the statewide implementation rate of the value-based payment system, the type of hospital, its location, mix of services and size. It is projected that the value-based payment system could reduce Medicaid reimbursement costs anywhere from five to 10 percent over the current system, so the annual cost for a current new hospital under this proposal could be anywhere from \$900,000 to \$1.8 million annually for the 36-month period for a hospital being reimbursed for \$18 million in Medicaid services.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).