

IN THE SENATE

SENATE BILL NO. 1350

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO HOSPITAL ASSESSMENTS; AMENDING SECTION 56-1403, IDAHO CODE,
2 TO REVISE PROVISIONS REGARDING THE HOSPITAL ASSESSMENT FUND; AMENDING
3 SECTION 56-1404, IDAHO CODE, TO PROVIDE THAT IDAHO MEDICAID SHALL SEEK
4 APPROVAL BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES OF AN UPDATED
5 UPPER PAYMENT LIMIT CALCULATION METHODOLOGY, TO PROVIDE FOR AN INCREASE
6 IN A CERTAIN ASSESSMENT RATE, TO PROVIDE FOR AN ADDITIONAL ASSESSMENT,
7 AND TO REVISE PROVISIONS REGARDING HOSPITAL ASSESSMENTS; AMENDING SEC-
8 TION 56-1408, IDAHO CODE, TO REVISE PROVISIONS REGARDING ASSESSMENT
9 EXEMPTIONS; AMENDING SECTION 56-1410, IDAHO CODE, TO REVISE PROVISIONS
10 REGARDING APPLICABILITY; AND DECLARING AN EMERGENCY AND PROVIDING AN
11 EFFECTIVE DATE.
12

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

14 SECTION 1. That Section 56-1403, Idaho Code, be, and the same is hereby
15 amended to read as follows:

16 56-1403. HOSPITAL ASSESSMENT FUND ESTABLISHED. (1) There is hereby
17 created in the office of the state treasurer a dedicated fund to be known as
18 the hospital assessment fund, hereinafter "fund," to be administered by the
19 department of health and welfare, hereinafter "department." The state trea-
20 surer shall invest idle moneys in the fund and any interest received on those
21 investments shall be returned to the fund.

22 (2) Moneys in the fund shall consist of:

23 (a) All moneys collected or received by the department from private
24 hospital assessments required by this chapter;

25 (b) All federal matching funds received by the department as a result
26 of expenditures made by the department that are attributable to moneys
27 deposited in the fund;

28 (c) Any interest or penalties levied in conjunction with the adminis-
29 tration of this chapter; and

30 (d) Any appropriations, federal funds, donations, gifts or moneys from
31 any other sources.

32 (3) The fund is created for the purpose of receiving moneys in accor-
33 dance with this section and section 56-1404, Idaho Code. ~~The fund shall not~~
34 ~~be used to replace any moneys appropriated to the Idaho medical assistance~~
35 ~~program by the legislature.~~ Moneys in the fund shall be distributed by the
36 department subject to appropriation for the following purposes only:

37 (a) Payments to private hospitals as required under Idaho's medical
38 assistance program as set forth in sections 56-209b through 56-209d,
39 Idaho Code;

40 (b) Reimbursement of moneys collected by the department from private
41 hospitals through error or mistake in performing the activities autho-
42 rized under Idaho's medical assistance program;

1 (c) Payments of administrative expenses incurred by the department or
2 its agent in performing the activities authorized by this chapter;

3 (d) Payments made to the federal government to repay excess payments
4 made to private hospitals from the fund if the assessment plan is deemed
5 out of compliance and after the state has appealed the findings. Hospi-
6 tals shall refund the payments in question to the assessment fund. The
7 state in turn shall return funds to both the federal government and hos-
8 pital providers in the same proportion as the original financing. Indi-
9 vidual hospitals shall be reimbursed based on the proportion of the in-
10 dividual hospital's assessment to the total assessment paid by all pri-
11 vate hospitals. If a hospital is unable to refund payments, the state
12 shall develop a payment plan and deduct moneys from future medicaid pay-
13 ments;

14 (e) Transfers to any other fund in the state treasury, provided such
15 transfers shall not exceed the amount transferred previously from that
16 other fund into the hospital assessment fund; ~~and~~

17 (f) Making refunds to hospitals pursuant to section 56-1410, Idaho
18 Code; ~~and~~

19 (g) Offsetting general funding needed to support Idaho medicaid.

20 SECTION 2. That Section 56-1404, Idaho Code, be, and the same is hereby
21 amended to read as follows:

22 56-1404. ASSESSMENTS. (1) All private hospitals, except those ex-
23 empted under section 56-1408, Idaho Code, shall make payments to the fund in
24 accordance with this chapter. Subject to section 56-1410, Idaho Code, an an-
25 nual assessment on both inpatient and outpatient services is determined for
26 each qualifying hospital for each state fiscal year in an amount calculated
27 by multiplying the rate, as set forth in subsections (2) ~~(b)~~ and (3) (b) of
28 this section, by the assessment base, as set forth in subsection (5) of this
29 section.

30 (2) (a) The department shall calculate the private hospital upper pay-
31 ment limit gap for both inpatient and outpatient services. The upper
32 payment limit gap is the difference between the maximum allowable pay-
33 ments eligible for federal match, less medicaid payments not financed
34 using hospital assessment funds. The upper payment limit gap shall be
35 calculated separately for hospital inpatient and outpatient services.
36 Medicaid disproportionate share payments shall be excluded from the
37 calculation.

38 (b) Idaho medicaid will start work toward approval by the centers for
39 medicare and medicaid services (CMS) of an updated upper payment limit
40 calculation methodology no later than July 1, 2022. This change is
41 needed due to the change reflected in section 56-265, Idaho Code, in re-
42 imbursement from retrospective cost settlements to prospective payment
43 systems.

44 (c) The department shall calculate the upper payment limit assessment
45 rate for each state fiscal year to be the percentage that, when multi-
46 plied by the assessment base as defined in subsection (5) of this sec-
47 tion, equals the upper payment limit ~~gap determined in paragraph (a) of~~
48 this subsection payment.

1 (d) Beginning July 1, 2022, or upon approval by CMS, whichever is later,
 2 the assessment rate referenced in paragraph (c) of this subsection will
 3 increase to the amount needed to attain an increased supplemental upper
 4 payment limit payment. This payment amount is subject to CMS approval
 5 of the updated upper payment limit methodology described in paragraph
 6 (a) of this subsection and legislative appropriation.

7 (e) Beginning July 1, 2023, an additional amount will be assessed at
 8 thirty percent (30%) of the upper payment limit payment to be utilized
 9 for general fund medicaid needs.

10 (f) If CMS does not approve the updated upper payment limit methodology
 11 described in paragraph (b) of this subsection, then the additional as-
 12 essment described in paragraph (e) of this subsection shall not be im-
 13 plemented.

14 (g) The assessment described in paragraph (e) of this subsection shall
 15 be assessed only if the upper payment limit payment is greater than the
 16 total assessment.

17 (3) (a) The department shall calculate the disproportionate share al-
 18 lotment amount to be paid to private in-state hospitals.

19 (b) The department shall calculate the disproportionate share assess-
 20 ment rate for private in-state hospitals to be the percentage that, when
 21 multiplied by the assessment base as defined in subsection (5) of this
 22 section, equals the amount of state funding necessary to pay the private
 23 in-state hospital disproportionate share allotment determined in para-
 24 graph (a) of this subsection.

25 (4) For private in-state hospitals, the assessments calculated pur-
 26 suant to subsections (2) and (3) of this section shall not be greater than ~~two~~
 27 ~~and one-half percent (2.5%)~~ the federal limit as referenced in 42 CFR 433.68
 28 of the assessment base as defined in subsection (5) of this section.

29 (5) The assessment base shall be the hospital's net patient revenue for
 30 the applicable period. "Net patient revenue" for, beginning with state fis-
 31 cal year 200923, shall be determined using the most recent data available
 32 from each hospital's fiscal year 200421 medicare cost report on file with the
 33 department on June 30, 2008, without regard to any subsequent adjustments or
 34 changes to such data. If the 2021 cost report has not been filed, the prior
 35 year's cost report will be used. Net patient revenue for each state fiscal
 36 year thereafter shall be determined in the same manner using a rolling yearly
 37 schedule for each hospital's fiscal year medicare cost report on file with
 38 the department on June 30 of each subsequent year without regard to any sub-
 39 sequent adjustments or changes to such data.

40 SECTION 3. That Section 56-1408, Idaho Code, be, and the same is hereby
 41 amended to read as follows:

42 56-1408. EXEMPTIONS. (1) State hospital south in Blackfoot, Idaho,
 43 and state hospital north in Orofino, Idaho, and the department of veterans
 44 affairs medical center in Boise, Idaho, are exempt from the assessment re-
 45 quired by section 56-1404, Idaho Code.

46 (2) A private hospital that does not provide emergency services through
 47 an emergency department and is not categorized as "rehabilitation," or "psy-
 48 chiatric," or "long-term acute care hospital" as provided in section II.C.
 49 of the "application for hospital licenses and annual report -- 2007" by the

1 ~~bureau of facility standards of~~ " for the most recent year filed with the de-
2 partment of health and welfare, is exempt from the assessment required by
3 section 56-1404, Idaho Code.

4 SECTION 4. That Section 56-1410, Idaho Code, be, and the same is hereby
5 amended to read as follows:

6 56-1410. APPLICABILITY. (1) The assessment required by section
7 56-1404, Idaho Code, shall not take effect or shall cease to be imposed, and
8 any moneys remaining in the fund shall be refunded to hospitals in proportion
9 to the amounts paid by such hospitals if:

10 ~~(a) The fund created in section 56-1403, Idaho Code, is used to replace~~
11 ~~moneys appropriated to the Idaho medical assistance program by the leg-~~
12 ~~islature; or~~

13 ~~(b) The~~ the payments to hospitals required under section 56-1403(3),
14 Idaho Code, are changed or are not eligible for federal matching funds
15 under the Idaho medical assistance program.

16 (2) The assessment required by section 56-1404, Idaho Code, shall not
17 take effect or shall cease to be required if the assessment is not approved or
18 is determined to be impermissible under title XIX of the social security act.
19 Moneys in the fund derived from assessments required prior thereto shall be
20 distributed in accordance with section 56-1403(3), Idaho Code, to the extent
21 federal matching funds are not reduced due to the impermissibility of the as-
22 sessments, and any remaining moneys shall be refunded to hospitals in pro-
23 portion to the amounts paid by such hospitals.

24 SECTION 5. An emergency existing therefor, which emergency is hereby
25 declared to exist, this act shall be in full force and effect on and after
26 July 1, 2022.