



# **\$1350 Hospital Assessment Legislation Overview**

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## Current Statute

2



- Original assessment established during the 2008 legislative session
- Current Code reads “ The fund shall not be used to replace any moneys appropriated to the Idaho medical assistance program by the legislature.”
- The assessment currently established in Idaho Code allows hospitals to be assessed in order to draw down federal funds to support a supplemental payment in addition to regular reimbursement. (Idaho Code Title 56, Chapter 14)
- None of the assessment funds are currently used to support the general fund needs of Idaho Medicaid.

# Summary of Legislation

3



Revisions are made to Title 56 Chapter 14

- Legislation proposes changes to the current hospital assessment to offset future General Fund needs in Medicaid
- Reflects changes to the upper payment limit calculation methodology and assessment amount
- Establishes state and federal approval needed to effectuate the new assessment amount and calculation methodology.

# Upper Payment Limit Supplemental Payment

4



The Upper Payment Limit Supplemental Payment is a payment to hospitals to account for the difference between what Medicaid paid and what Medicare would have paid.

- Allowable payment mechanism to support hospitals providing care to Medicaid-covered patients in addition to regular reimbursement.
- Participating providers defined in Idaho Code 56-1403 pay an assessment to provide the state share to draw down federal funds, or the Upper Payment Limit “gap”.

What Medicare  
Would Have Paid



What Medicaid  
Actually Paid



Upper Payment  
Limit “Gap”

# Upper Payment Limit Payment History

5



State Fiscal Year	UPL Payment (federal funds)
2019	\$11,720,156
2020	\$13,017,496
2021	\$42,018,018
2022	\$24,900,683 (proposed)





# Hospital Assessment



- Hospitals are assessed a portion of their net patient revenues to fund the state share portion needed to draw down federal funds for the upper payment limit supplemental payment.
- Hospitals are currently assessed at .42 percent of net patient revenues.
- Proposed legislation would increase the assessment closer to 2.8 percent; there is a federal limit of 6 percent.



# Current Assessment and Upper Payment Limit (UPL)

7



Medicare Rate  
\$2

Hospital Medicaid  
Reimbursement Rate \$1

Difference = UPL Gap  
\$1

UPL payout = \$1

State Share =  
Hospital Assessment  
\$0.30

Federal Share =  
Net to Hospital  
\$0.70

## New Upper Payment Limit Calculation Methodology

8



- Due to changes in hospital reimbursement as part of HB 351 (2020), Idaho Medicaid must move to a new calculation methodology for the upper payment limit supplemental payment.
- New proposed methodology (one of two federally approved) uses the Medicare per-diem rate as the benchmark for the Medicare payment.
- Creates a larger UPL gap available for payment to hospitals.
- Hospitals will need to pay an increased assessment amount to access the available UPL gap; hospitals revenues will also increase requiring a higher assessment amount.



# New Assessment and UPL Payment- SFY24



Medicare Per diem Rate  
\$4

Medicaid Hospital  
Reimbursement Rate  
\$1

Difference = UPL Gap  
\$3

UPL payout = \$3

Usual UPL process

State Share =  
Hospital Assessment  
\$0.90

Federal Share =  
Net to Hospital  
\$2.10

Additional  
Hospital  
Assessment to be  
used to support  
Medicaid GF =  
30% of UPL  
payment

New Assessment =  
\$0.90

Net gain to Hospital  
\$1.20

Net Impact to Idaho Medicaid \$0.90 (general funds)  
Net impact to Hospital \$1.20

## Offset Future General Fund Needs in Medicaid

10



- Medicaid has an identified general fund need of \$66M beginning in SFY24 to support ongoing provider rate increases for Home and Community Based Services (HCBS) Providers
  - Requested HCBS provider rate increases effective SFY23 if approved
- Proposed legislation allows for the assessment amount to increase to both allow hospitals to access increased UPL payment and to support Idaho Medicaid in accessing needed general funds (30% of total UPL payment to hospitals).
- Requires approval from Centers for Medicare & Medicaid Services.
- Proposed legislation ensures the new assessment amount will only be assessed if the upper payment limit payment is greater than the total assessment.

## Participating Providers

11



- Private hospitals with an emergency department
- Current exemption for rehabilitation and psychiatric hospitals
- Proposed addition of hospitals categorized as “long-term acute care hospital”

