TITLE 56
PUBLIC ASSISTANCE AND WELFARE

CHAPTER 14
IDAHO HOSPITAL ASSESSMENT ACT

56-1401. SHORT TITLE -- LEGISLATIVE INTENT. (1) This chapter shall be known and may be cited as the "Idaho Hospital Assessment Act."

(2) It is the intent of the legislature to encourage the maximization of financial resources eligible and available for medicaid services by establishing a fund within the Idaho department of health and welfare to receive private hospital assessments to use in securing federal matching funds under federally prescribed upper payment limit and disproportionate share hospital programs available through the state medicaid plan.

[56-1401, added 2010, ch. 186, sec. 7, p. 396.]

56-1402. DEFINITIONS. As used in this chapter:

(1) "Department" means the department of health and welfare.

(2) "Disproportionate share hospital" means a hospital that serves a disproportionate share of medicaid low-income patients as compared to other hospitals as determined by department rule.

(3) "Governmental entity" means and includes the state and its political subdivisions.

(4) "Hospital" is as defined in section 39-1301, Idaho Code.

(5) "Political subdivision" means a county, city, municipal corporation or hospital taxing district and, as used in this chapter, shall include state licensed hospitals established by counties pursuant to chapter 36, title 31, Idaho Code, or jointly by cities and counties pursuant to chapter 37, title 31, Idaho Code.

(6) "Private hospital" means a hospital that is not owned by a governmental entity.

(7) "Upper payment limit" means a limitation established by federal regulations, 42 CFR 447.272 and 42 CFR 447.321, that disallows federal matching funds when state medicaid agencies pay certain classes of hospitals an aggregate amount for inpatient and outpatient hospital services that would exceed the amount that would be paid for the same services furnished by that class of hospitals under medicare payment principles.

[56-1402, added 2010, ch. 186, sec. 7, p. 396; am. 2025, ch. 122, sec. 38, p. 647.]

56-1403. HOSPITAL ASSESSMENT FUND ESTABLISHED. (1) There is hereby created in the office of the state treasurer a dedicated fund to be known as the hospital assessment fund, hereinafter "fund," to be administered by the department of health and welfare, hereinafter "department." The state treasurer shall invest idle moneys in the fund and any interest received on those investments shall be returned to the fund. All moneys in the fund are continuously appropriated to the department for the purposes specified in this chapter.

(2) Moneys in the fund shall consist of:

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

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

(c) Any interest or penalties levied in conjunction with the administration of this chapter; and

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

(3) The fund is created for the purpose of receiving moneys in accordance with this section and section 56-1404, Idaho Code. Moneys in the fund shall be distributed by the department for the following purposes only:

(a) Payments to private hospitals as required under Idaho's medical assistance program as set forth in sections 56-209b and 56-209c, Idaho Code;

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

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

(d) Payments made to the federal government to repay excess payments made to private hospitals from the fund if the assessment plan is deemed out of compliance and after the state has appealed the findings. Hospitals shall refund the payments in question to the assessment fund. The state in turn shall return funds to both the federal government and hospital providers in the same proportion as the original financing. Individual hospitals shall be reimbursed based on the proportion of the individual hospital's assessment to the total assessment paid by all private hospitals. If a hospital is unable to refund payments, the state shall develop a payment plan and deduct moneys from future medicaid payments;

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

(f) Offsetting general funding needed to support Idaho medicaid.

[56-1403, added 2010, ch. 186, sec. 7, p. 396; am. 2014, ch. 250, sec. 1, p. 629; am. 2022, ch. 133, sec. 1, p. 496; am. 2025, ch. 82, sec. 64, p. 371; am. 2025, ch. 118, sec. 7, p. 627.]

56-1404. ASSESSMENTS. (1) All private hospitals, except those exempted under section 56-1408, Idaho Code, shall make payments to the fund in accordance with this chapter. An annual assessment on both inpatient and outpatient services is determined for each qualifying hospital for each state fiscal year in an amount calculated by multiplying the rate, as set forth in subsections (2)(c) and (3)(b) of this section, by the assessment base, as set forth in subsection (5) of this section.

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

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

(c) The department shall calculate the upper payment limit assessment rate for each state fiscal year to be the percentage that, when multiplied by the assessment base as defined in subsection (5) of this section, equals the upper payment limit payment.

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

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

(f) If CMS does not approve the updated upper payment limit methodology described in paragraph (b) of this subsection, then the additional assessment described in paragraph (e) of this subsection shall not be implemented.

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

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

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

(4) For private in-state hospitals, the assessments calculated pursuant to subsections (2) and (3) of this section shall not be greater than the federal limit as referenced in 42 CFR 433.68 of the assessment base as defined in subsection (5) of this section.

(5) The assessment base shall be the hospital's net patient revenue for the applicable period. Net patient revenue, beginning with state fiscal year 2023, shall be determined using each hospital's fiscal year 2021 medicare cost report on file with the department, without regard to any subsequent adjustments or changes to such data. If the 2021 cost report has not been filed, the prior year's cost report will be used. Net patient revenue for each state fiscal year thereafter shall be determined in the same manner using a rolling yearly schedule for each hospital's fiscal year medicare cost report.

[56-1404, added 2010, ch. 186, sec. 7, p. 397; am. 2014, ch. 250, sec. 2, p. 630; am. 2022, ch. 133, sec. 2, p. 497; am. 2025, ch. 82, sec. 65, p. 372; am. 2025, ch. 118, sec. 8, p. 628.]

56-1406. INPATIENT AND OUTPATIENT ADJUSTMENT PAYMENTS. All private hospitals, except those exempted under section 56-1408, Idaho Code, shall be eligible for inpatient and outpatient adjustments as follows:

(1) For state fiscal year 2009, the inpatient upper payment limit gap for private hospitals shall be divided by medicaid inpatient days for the same hospitals from calendar year 2007 to establish an average per diem adjustment rate. Each private hospital shall receive an annual payment that is equal to the average per diem adjustment rate multiplied by the hospital's calendar year 2007 medicaid inpatient days. For purposes of this section, "hospital medicaid inpatient days" are days of inpatient hospitalization paid for by the Idaho medical assistance program for the applicable calendar year. Each state fiscal year thereafter shall be determined in the same manner using a rolling yearly schedule to determine the hospital inpatient adjustment payment. In the event that either the inpatient upper payment limit gap for private hospitals or the available hospital assessment funding is lower than anticipated, the department shall apply an across-the-board factor such that the inpatient payment adjustments are maximized, financed entirely from hospital assessment funding, and do not exceed the Idaho inpatient upper payment limit for private hospitals. Payments shall be made no later than thirty (30) days after the receipt of the last deposit of the hospital assessment required in section 56-1404, Idaho Code.

(2) For state fiscal year 2009, the outpatient upper payment limit gap for private hospitals shall be divided by medicaid outpatient hospital reimbursement for the same hospitals from calendar year 2007 to establish an average percentage adjustment rate. Each hospital, except those exempt under section 56-1408, Idaho Code, shall receive an annual payment that is equal to the average percentage adjustment rate multiplied by the hospital's calendar year 2007 hospital medicaid outpatient reimbursement. For purposes of this section, "hospital outpatient reimbursement" is reimbursement for hospital outpatient services paid for by the Idaho medical assistance program for the applicable calendar year. Each state fiscal year thereafter shall be determined in the same manner using a rolling yearly schedule to determine the outpatient hospital adjustment payment. In the event that either the outpatient upper payment limit gap for private hospitals or the available hospital assessment funding is lower than anticipated, the department shall apply an across-the-board factor, such that outpatient adjustment payments are maximized, financed entirely from hospital assessment funding, and do not exceed the Idaho outpatient upper payment limit for private hospitals. Payments shall be made no later than thirty (30) days after the receipt of the last deposit of the hospital assessments required in section 56-1404, Idaho Code.

[56-1406, added 2010, ch. 186, sec. 7, p. 398; am. 2014, ch. 250, sec. 3, p. 631.]

56-1408. EXEMPTIONS. (1) State hospital south in Blackfoot, Idaho, state hospital north in Orofino, Idaho, state hospital west in Nampa, Idaho, and the department of veterans affairs medical center in Boise, Idaho, are exempt from the assessment required by section 56-1404, Idaho Code.

(2) A private hospital that does not provide emergency services through an emergency department and is not categorized as "rehabilitation," "psychiatric," or "long-term acute care hospital" as provided in the "application for hospital licenses and annual report" for the most recent year filed

with the department of health and welfare is exempt from the assessment required by section 56-1404, Idaho Code.

[56-1408, added 2008, ch. 91, sec. 1, p. 256; am. 2011, ch. 164, sec. 18, p. 475; am. 2022, ch. 60, sec. 6, p. 189; am. 2022, ch. 133, sec. 3, p. 498.]

56-1409. MULTIHOSPITAL LOCATIONS, HOSPITAL CLOSURE AND NEW HOSPITALS. (1) If a hospital conducts, operates or maintains more than one (1) hospital licensed by the department, the hospital shall pay the assessment for each hospital separately.

(2) A hospital, subject to assessments under this chapter, that ceases to conduct hospital operations or maintain its state license or did not conduct hospital operations throughout a calendar or fiscal year, shall have its required assessment adjusted by multiplying the assessment computed under section 56-1404, Idaho Code, by a fraction, the numerator of which is the number of days in the year during which the hospital conducts hospital business, operates a hospital and maintains licensure, and the denominator of which is three hundred sixty-five (365). The hospital shall pay the required assessment computed under section 56-1404, Idaho Code, on the date and in pro rata installments as required by the department for that portion of the state fiscal year during which the hospital operated and maintained state licensure, to the extent not previously paid.

(3) A hospital, subject to assessments under this chapter, that has not been previously licensed as a hospital by the department and that commences hospital operations during a fiscal year, shall pay the required assessment computed under section 56-1404, Idaho Code, and shall be eligible for payment adjustments under section 56-1406, Idaho Code, only after two (2) complete state fiscal years have elapsed and two (2) full fiscal year medicare cost reports are filed with the center for medicare and medicaid services (CMS) after the commencement of operations and on the date as required by the department beginning on the first day of the next state fiscal year.

[56-1409, added 2008, ch. 91, sec. 1, p. 256.]