

## Highlights of health-related provisions in HB 1001 (state budget)

- **Hospital Assessment Fee (HAF):** HB 1001 codifies the existing Hospital Assessment Fee program and extends it for the time period that the fee is being assessed. The 2012 annual assessment was for \$646 M, leveraging total expenditures of \$1.958 B. The federal share of funds would be \$1.312 B. The assessment is to be used to increase Medicaid hospital rates, replace Disproportionate Share Hospital (DSH) distributions made to the state and private psychiatric facilities (approximately \$70 M), and to provide additional state match dollars for use within the Medicaid program (approximately \$112 M).
- **Quality Assessment Fee (QAF):** HB 1001 also extends the existing Health Facility Quality Assessment Fee providing authorization for the required increase in Medicaid nursing facility reimbursement and the collection of the QAF after July 31, 2014. Extending the QAF would authorize an estimated total annual collection of about \$166.3 M. The state share would be \$48.9 M for FY 2015, FY 2016, and FY 2017, if nursing facility days remain constant.
- **FSSA Emergency Rule Extension:** HB 1001 would extend until December 31, 2013, the provisions of emergency rules concerning provider reimbursement reductions in Medicaid, including a 5% reimbursement reduction for podiatric, chiropractic, dental services, and emergency transportation services. The rules also provide for a 10% reduction in reimbursement for nonemergency transportation services. This provision would extend the savings realized by the reimbursement reductions for an additional six months beyond the expiration date. FSSA reports that savings for the first six months of the biennium are anticipated to be \$115 M.
- **Mandated Managed Care:** HB 1001 requires the OMPP to develop a plan to require the use of risk-based managed care for the aged, blind, and disabled population and those Medicaid recipients that receive long-term care services. The bill requires the plan to be presented to the Budget Committee for review before December 31, 2013. HB 1001 also specifies that OMPP is to apply for a Medicaid waiver that would require an aged, blind, or disabled Medicaid recipient or long-term care recipients to enroll in the risk-based managed care program. (OMPP currently operates Care Select, a managed care program for individuals in the aged, blind, and disabled eligibility categories - it is not mandatory at this time.) HB 1001 requires the implementation of the waiver not later than July 1, 2014, if it is approved by the Centers for Medicare and Medicaid Services (CMS). Risk-based managed care is assumed to result in savings from a fee- for-service environment to systems implementing it.

- **Repeal of the Select Joint Commission on Medicaid Oversight:** The specific reduction will depend upon whether the Health Finance Commission has additional meetings in order to incorporate the duties currently assigned to the Select Joint Commission on Medicaid Oversight.
- **Elimination of Medicare Plus 4% Sunset Provision:** Under current law, health care services that the Department of Correction (DOC) or counties provide to confined offenders are required to be reimbursed at Medicare rates plus 4%. These health care services include medical, dental, and mental health care and are provided by licensed physicians, licensed hospitals, and other health care providers. This requirement was to expire on July 1, 2013. However, the bill eliminates the expiration date.