

2007 DRAFTING REQUEST

Bill

Received: **11/12/2007**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Roger Breske (608) 266-2509**

By/Representing: **Sue Meinholz (aide)**

This file may be shown to any legislator: **NO**

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - medical assistance
Insurance - miscellaneous**

Extra Copies: **PJK**

Submit via email: **YES**

Requester's email: **Sen.Breske@legis.wisconsin.gov**

Carbon copy (CC:) to: **barbara.worcester@legis.wisconsin.gov
charlie.morgan@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Hospital assessment; reduce transfer from Injured Patients Fund

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/P1	dkennedy 12/27/2007	bkraft 12/28/2007	nmatzke 01/02/2008	_____	cduerst 01/02/2008		S&L
/1	dkennedy 01/17/2008	bkraft 01/17/2008	jfrantze 01/17/2008	_____	sbasford 01/17/2008		S&L
/2	dkennedy	bkraft	jfrantze	_____	sbasford	cduerst	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/29/2008	01/29/2008	01/30/2008	_____	01/30/2008	02/13/2008	

FE Sent For: "1/2" @ intro. 2-15-08

<END>

2007 DRAFTING REQUEST

Bill

Received: **11/12/2007**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Roger Breske (608) 266-2509**

By/Representing: **Sue Meinholz (aide)**

This file may be shown to any legislator: **NO**

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - medical assistance
Insurance - miscellaneous**

Extra Copies: **PJK**

Submit via email: **YES**

Requester's email: **Sen.Breske@legis.wisconsin.gov**

Carbon copy (CC:) to: **barbara.worcester@legis.wisconsin.gov
charlie.morgan@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Hospital assessment; reduce transfer from Injured Patients Fund

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/P1	dkennedy 12/27/2007	bkraft 12/28/2007	nmatzke 01/02/2008	_____	cduerst 01/02/2008		S&L
/1	dkennedy 01/17/2008	bkraft 01/17/2008	jfrantze 01/17/2008	_____	sbasford 01/17/2008		S&L
/2	dkennedy	bkraft	jfrantze	_____	sbasford		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	01/29/2008	01/29/2008	01/30/2008	_____	01/30/2008		

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: 11/12/2007

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Roger Breske (608) 266-2509

By/Representing: Sue Meinholz (aide)

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Adl. Drafters: rryan

Subject: Health - medical assistance
Insurance - miscellaneous

Extra Copies: PJK

Submit via email: YES

Requester's email: Sen.Breske@legis.wisconsin.gov

Carbon copy (CC:) to: barbara.worcester@legis.wisconsin.gov
charlie.morgan@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Hospital assessment; reduce transfer from Injured Patients Fund

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/P1	dkennedy 12/27/2007	bkraft 12/28/2007	natzke 01/02/2008	_____	cduerst 01/02/2008		S&L
/1	dkennedy 01/17/2008	bkraft 01/17/2008	jfrantze 01/17/2008	_____	sbasford 01/17/2008		

Jo
1/30

J/Rs
1/30

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: 11/12/2007

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Roger Breske (608) 266-2509

By/Representing: Sue Meinholz (aide)

This file may be shown to any legislator: NO

Drafter: dkennedy

May Contact:

Addl. Drafters: rryan

Subject: Health - medical assistance
Insurance - miscellaneous

Extra Copies: PJK

charlie.morgan@legis.wisconsin.gov

Submit via email: YES

Requester's email: Sen.Breske@legis.wisconsin.gov

Carbon copy (CC:) to: barbara.worcester@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Hospital assessment; reduce transfer from Injured Patients Fund

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							S&L
/P1	dkennedy 12/27/2007	bkraft 12/28/2007	nmatzke 01/02/2008		cduerst 01/02/2008		

FE Sent For:

1 bjk 1/17

Jb
1/17

Jeffrey
1/17
<END>

2007 DRAFTING REQUEST

Bill

Received: 11/12/2007

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Roger Breske (608) 266-2509**

By/Representing: **Sue Meinholz (aide)**

This file may be shown to any legislator: **NO**

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - medical assistance
Insurance - miscellaneous**

Extra Copies: **PJK**

Submit via email: **YES**

Requester's email: **Sen.Breske@legis.wisconsin.gov**

Carbon copy (CC:) to: **barbara.worcester@legis.wisconsin.gov**

Pre Topic:

No specific pre topic given

Topic:

Hospital assessment; reduce transfer from Injured Patients Fund

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	dkennedy	/P1 bjk	12/28 nwn 1/2	nwn/cd 1/2			

FE Sent For:

<END>

-344L

11/9/07

From Charlie Morgan, LRB:

Breske's office wants a hospital assessment bill that is identical to SS SBI, except

① Permanent, rather than sunset

② Funds from Pt. Comp Fund shd. be

0 07-08

\$ 75 mil 08-09

(He says DOA has already transferred \$ 71.5 mil.)

Will have to transfer back 07-08
(MA Trust Fund → Pt's comp fund)③ Same ^{Sec} approp amts + approps as
in SS SBI

④ No GPR approp.

⑤ Re rural hospitals: call Breske's
office (Sun)

62509

-3446/P1

Questions:

Answers: Dec 12/5

- (1) Is first assessment still due by Dec. 1, 2007?
- (2) Reporting requirements of DHAS —
is set for 12/31/08, 12/31/09, & 12/31/10 —
ok? (ok)

Answers from Dec

Quarterly - April 1, July 1, Oct 1, Jan 1

- (3) Make transfer to Pts comp Fund
- (4) Rural hosp supp - ~~come out of GPR~~
decrease amt. of transfer to pt's comp
fund
- 100% psychiatric — ~~5,000,000/yr~~
2,560,000/yr
+ (rural)

12/18/07

Breske's draft

Sue:

Quarterly assessments

Draft like Gov's special session

✓ Roger's Memorial to be filed in Jt. Fin.

✓ Exempt critical access, psych hospitals/IMD's from assessment

✓ Rural hosp. supplement same

Proceeds from gpr ↑

She will ask Charlie Morgan for follow-up on Marinette

Money left over from increased rates → PT's Comp. Fund (just pay rural into GPR); remainder goes to PT's Comp. Fund

call her or Charlie Morgan re questions

12/18/07

From Charlie Morgan

He suggested to Sue that assmt.:

~~From Sue:~~
From Sue:
ok

- ① take effect 08-09
- ② increase hosp rates in 08-09
- ③ Sept 30 Quarterly assessments
Dec 31
Mar 31
June 30

Call Sue:
6/15/06

Marquette - big problem; feds don't
allow payback - ^{way to} compensate
no fed matching ^{for a} tax
wd have to be outside
MA + may be a problem,
besides

From Sue:
Discard for
now

12/19/07 Conversation w/ Charlie Morgan:

He suggests:

- ① Hospital assessment is paid into MA trust fund, not a separate hospital assessment fund
- ② Hospital rate increases are paid from approp. like 20.485 (4)(xc) (that was in Special Session bill) that is from the MA trust fund
- ③ Injured Patients Fund \$ is paid back sometime in 08-09 from MA trust fund, plus interest that has accrued in MA trust fund from time transfer of \$ from IPF was made to MA trust fund
- ④ Rural hospital increase ($\frac{1}{2}$, 000, 000) is paid from MA trust fund approp - I can create it. (See certain)

Charlie will explain to Sue in Beske's office

Q: Does the transfer from the IPF for 2008-09 get repealed?

Kennedy, Debora

From: Morgan, Charlie
Sent: Thursday, December 20, 2007 12:58 PM
To: Meinholz, Susan
Cc: Kennedy, Debora
Subject: Calculations for Sen. Breske's Hospital Assessment and Rate Increase Proposal

Attachments: 12-20-07 -- Calculations for Senator Breske's Proposal.xls

Hi, Susan –

Here is a simple spreadsheet that I developed that (I hope) reflects the decisions you made this morning on the hospital assessment and rate increase proposal. Please review it and call me if you have questions or changes. I have cc'd Debora Kennedy on this email, so she will use these figures unless you have changes.

Have a great trip!



12-20-07 --
Calculations for S...

Charles Morgan, Program Supervisor
Wisconsin Legislative Fiscal Bureau
1 East Main Street, Suite 301
Madison, WI 53703

Telephone: (608) 266-3847
FAX: (608) 267-6873
Email: charlie.morgan@legis.wisconsin.gov

Hospital Assessment Proposal -- 12-20-07

Estimated FMAP for 2008-09 58.94%

Total Funding Increase	Hospital Revenue (SEG)	MA Matching Funds (FED)	(Total)
General Hospital Rate Increase	\$147,726,500	\$212,055,500	\$359,782,000
Rural Hospital Adjustment	<u>1,231,800</u>	<u>1,768,200</u>	<u>3,000,000</u>
Total	\$148,958,300	\$213,823,700	\$362,782,000
Payback to the Injured Patients and Families Compensation Fund	\$65,000,000	\$0	\$65,000,000
Hospital Total Assessment	\$213,958,300	\$0	\$213,958,300
Aggregate Rate Increase for Hospitals (All Funds)	\$362,782,000		
Net (Aggregate) Gain for Hospitals	\$148,823,700		

Kennedy, Debora

From: Meinholz, Susan
Sent: Thursday, December 20, 2007 2:38 PM
To: Morgan, Charlie; Kennedy, Debora
Cc: Worcester, Barbara
Subject: Hospital assessment

Thanks Charlie for the figures, and thanks to both of you for your time on this.

I ran the questions I had outstanding past Barb Worcester and what we had decided this morning still stands.

A request, however: If this draft is completed prior to my return (which Barb hopes it is), would you please get a copy to Barb as well as to me for my consumption upon my return? She can start working with the draft and will give us a head start. If I need to register a more formal permission, let me know.

Thanks again, and happy holidays.

Sue Meinholz
Office of Senator Roger Breske
Room 316 South, State Capitol
PO Box 7882
Madison, WI 53707-7882
608-266-2509 (local)
800-334-8773 (toll-free)
608-267-0309 (fax)
Susan.meinholz@legis.state.wi.us

12/20/07

Meeting w/ Sue Meinholz + Charlie Morgan

From Charlie Morgan:

Most feasible to have assessment + rate increases in 08-09

✓ DHFS: plans to freeze rates in 07-08 to 06-07 rates — under the state plan

Assessment, beginning 08-09

Fiscal year's assessment in the fiscal year 9/30, 12/31, 3/31, 6/30

↳ based on gross pt revenue of the hospital, * as determined by the department

DHFS will collect amt for rate increases + payback to IPFund

✓ Payback to the IPFund

NO; NONSTAT TRANSFER

CM will provide \$147,726,500

+ amt for 49.45 (\$m) (am)

→ amt. specified in approps. under (xc) + (xd)

Rate Increase (will increase for rural hospitals)

→ IPF

for 08-09 \$60 mil + 09-10 \$65 mil

p. 804

-3291/1

Total payback ~~and~~ to IPF, then, will be \$125,000,000

✓ Don't reverse or delete Act 20 provisions requiring \$ transfer from IPF

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

- ✓ Fix 49.45 (5m) to remove reference to critical access hospitals
- ✓ HMO passthrough language is the same ^{as Special Session Bill} (as technically fixed)
- ✓ No hospital assessment fund - all \$ goes to + comes from MA trust fund
- ✓ Exempt critical access + IMD's from assessment
Make effective 7/1/08
- ✓ p. 4, l. 20 - fix ref. to year
- ✓ Reporting - every year by Dec. 31 (except for 2008)

→ (1/3/08, if possible)

2007 - 2008 LEGISLATURE

→ D-NOTE

Insert

3446/PI
LRB-6360/PI
DAK&RLR:bk:og
stay

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION ✓

SA ✓
X-ref ✓

transferring moneys from the Medical Assistance trust fund to the injured patients and families compensation funds ✓

regen. cat.

1 **AN ACT to repeal** 20.435 (4) (gp) and 146.99; **to amend** 46.27 (9) (a), 46.27 (10)

2 (a) 1., 46.275 (5) (a), 46.275 (5) (c), 46.283 (5), 46.284 (5) (a), 46.485 (2g) (intro.),

3 49.45 (2) (a) 17., 49.45 (5m) (title), 49.45 (5m) (am), 49.45 (6m) (ag) (intro.),

4 49.45 (6v) (b), 49.45 (6x) (a), 49.45 (6y) (a), 49.45 (6y) (am), 49.45 (6z) (a) (intro.),

5 49.45 (8) (b), 49.45 (24m) (intro.), 49.45 (52), 49.472 (6) (a), 49.472 (6) (b) and

6 49.473 (5); and **to create** 13.101 (18), 20.435 (4) (xc), 25.17 (1) (gs), 25.772, 49.45

7 (58) and 50.375 of the statutes; **relating to:** eliminating an assessment on the

8 gross private patient revenue of hospitals, creating an assessment on the gross

9 patient revenue of hospitals, ~~creating a hospital assessment trust fund,~~

10 increasing the Medical Assistance payment rate for hospitals, requiring

11 monthly payments by health maintenance organizations to hospitals and

12 reconciliation of payments with actual charges, increasing supplemental

13 Medical Assistance payments to rural hospitals; requiring the Department of

→

annually

- 1
- 2

Health and Family Services to submit a report for review by the joint committee on finance, and making appropriations

Analysis by the Legislative Reference Bureau

Under current federal and state law, Medical Assistance (MA) is a jointly funded, federal-state program that the Department of Health and Family Services (DHFS) administers to provide health care services to eligible individuals with very low incomes and few assets; the state share of MA is paid from a combination of general purpose revenues, program revenues from hospital assessments, and segregated funds under the MA trust fund. Under a waiver of federal Medicaid laws from the federal Department of Health and Human Services, DHFS also administers under MA the Badger Care Health Care Program (Badger Care). Badger Care provides health care coverage to certain low-income families and to certain low-income children who do not reside with a parent.

Under current law, DHFS annually assesses hospitals a total of \$1,500,000, in proportion to each hospital's respective gross private-pay patient revenues during the hospital's most recent fiscal year. Moneys from the assessments are credited to a general program revenue appropriation account, from which is paid a portion of MA program benefits, certain long-term care MA pilot projects, and services under the Family Care Program.

Currently, under MA, DHFS must distribute not more than \$2,256,000 in each fiscal year to provide supplemental funds to rural hospitals and to critical access hospitals that have a high utilization of inpatient services by patients whose care is provided from governmental sources.

This bill eliminates the current hospital assessment and the associated program revenue appropriation account and, instead, authorizes DHFS to levy, enforce, and collect an annual assessment on hospitals, payable quarterly, based on claims information collected by an entity from hospitals under the laws relating to health care information or based on any other source that is approved in the state Medicaid plan. Under the bill, the assessments are first due before December 1, 2007.

September 30, 2008

DHFS must verify the amount of each hospital's gross patient revenue and determine the amount of the assessment owed by each hospital based on a uniform rate applicable to total gross patient revenue that DHFS estimates will yield \$145,532,800 in fiscal year 2007-08 and \$147,726,500 in fiscal year 2008-09. DHFS may allow delayed payment by hospitals that are unable to pay by the quarterly assessment dates; a DHFS determination that a hospital may not make a delayed payment is not subject to an administrative appeal process. If DHFS determines that any portion of the revenue needed to provide MA payment increases for inpatient or outpatient hospital services as fee for service or through health maintenance organizations (HMOs) is not eligible for the federal Medicaid share, DHFS must refund that amount to hospitals in proportion to each hospital's assessment payment. The assessments must be deposited into the hospital assessment fund (a separate, nonlapsible trust fund), as created in the bill.

the gross patient revenue of

MA trust

\$210,726,1500

From the hospital assessments ✓

fiscal year 2007-08 ✓

MA + trust ✓

* Moneys deposited in the ~~hospital assessment~~ fund are, under the bill, appropriated to provide the MA nonfederal share for increased payments, in excess of the aggregate inpatient and outpatient MA hospital payment rates in effect in ~~2006~~ and refunds to hospitals for services provided under MA and Badger Care. ~~The Joint Committee on Finance of the legislature (JCF) may not transfer moneys from the hospital assessment fund.~~ INSERT A ✓

The bill requires HMOs that provide services under MA and Badger Care to make monthly payments to hospitals in amounts equivalent to any increase in the capitated rate that DHFS pays HMOs for serving MA and Badger Care recipients, which increase is intended to cover hospital services and is associated with the hospital assessment. The bill requires DHFS to determine monthly amounts, specific to each HMO and hospital, that HMOs must pay hospitals based on data that DHFS uses to calculate the capitated rates DHFS pays HMOs as well as encounter data provided by the HMOs. DHFS must redetermine the amounts at least once annually and must publicly disclose the methodology used to calculate the amounts. The bill requires that each HMO and hospital reconcile HMO payments with actual hospital charges for inpatient and outpatient services for MA and Badger Care recipients every six months, and that the HMO or hospital, whichever is applicable, pay the other any difference within 90 days. If an HMO and hospital cannot reconcile the amount owed, upon the request of either the HMO or hospital, DHFS must determine the amount. The DHFS determination is subject to administrative review.

* Under the bill, DHFS must report, by December 31, 2009, to ~~JCF~~ and by December 31 each year thereafter ✓ all of the following information for the immediately previous state fiscal year: (1) the total amount of hospital assessments collected; (2) the total amount of assessments collected from each hospital; (3) the total amounts that DHFS determines were paid to HMOs for increased MA payments to hospitals; (4) the total amount of payments made to each hospital by HMOs; (5) the total amount of MA payments made to each hospital and the portion of the MA capitated payments made to HMOs for inpatient and outpatient hospital services from general purpose revenues; (6) the total amounts obtained under (3) and (5); and (7) the results of any audits conducted by DHFS concerning these MA payments to HMOs and any actions taken by DHFS as the result of such an audit. If JCF schedules a meeting to review the report, DHFS may not pay to HMOs increased MA payments for hospitals unless JCF does not hold a meeting to review the report or JCF authorizes continued payment.

* The bill increases the amount of moneys that DHFS is required to distribute to rural hospitals and critical access hospitals, for fiscal year 2008-09 and each fiscal year thereafter, to not more than \$5,256,000. ✓

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

the Joint Committee on Finance (JCF) ✓

1 SECTION 1. 13.101 (18) of the statutes is created to read:

2 13.101 (18) Notwithstanding sub. (4), the committee may not transfer moneys
3 from the appropriation account under s. 20.435 (4) (xc) to another appropriation
4 account.

5 SECTION 2. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
6 the following amounts for the purposes indicated:

7 2007-08 2008-09

8 20.435 Health and family services, department
9 of

10 (4) HEALTH SERVICES PLANNING; REG & DELIVERY; HLTH
11 CARE FIN; OTHER SUPPORT PGMS

fiscal year
2007-08

Medical Assistance
trust

12 (xc) Hospital assessment fund; hospi-

13 tal supplements and refunds

SEG B

145,532,800 150,726,500
147,726,500

14 SECTION 3. 20.435 (4) (gp) of the statutes is repealed.

15 SECTION 4. 20.435 (4) (xc) of the statutes is created to read:

16 20.435 (4) (xc) Hospital assessment fund; hospital payments and refunds.

17 Biennially, from the hospital assessment fund, the amounts in the schedule to make
18 increased payments and refunds to hospitals, as the Medical Assistance nonfederal
19 share, in order to increase payment rates in excess of the aggregate inpatient and
20 outpatient hospital payment rates in effect in 2006, for services provided under the
21 Medical Assistance program administered under subch. IV of ch. 49 and the Badger
22 Care health care program under s. 49.665.

23 SECTION 5. 25.17 (1) (gs) of the statutes is created to read:

24 25.17 (1) (gs) Hospital assessment fund (s. 25.772);

Medical Assistance
trust

I

1 SECTION 6. 25.772 of the statutes is created to read:

2 **25.772 Hospital assessment fund.** There is established a separate
3 nonlapsible trust fund designated as the hospital assessment fund, to consist of all
4 moneys received under s. 50.375 from assessments on hospitals.

5 SECTION 7. 46.27 (9) (a) of the statutes is amended to read:

6 46.27 (9) (a) The department may select up to 5 counties that volunteer to
7 participate in a pilot project under which they will receive certain funds allocated for
8 long-term care. The department shall allocate a level of funds to these counties
9 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), ~~(gp)~~, or (w),
10 to nursing homes for providing care because of increased utilization of nursing home
11 services, as estimated by the department. In estimating these levels, the department
12 shall exclude any increased utilization of services provided by state centers for the
13 developmentally disabled. The department shall calculate these amounts on a
14 calendar year basis under sub. (10).

15 SECTION 8. 46.27 (10) (a) 1. of the statutes is amended to read:

16 46.27 (10) (a) 1. The department shall determine for each county participating
17 in the pilot project under sub. (9) a funding level of state medical assistance
18 expenditures to be received by the county. This level shall equal the amount that the
19 department determines would otherwise be paid under s. 20.435 (4) (b), ~~(gp)~~, or (w),
20 or because of increased utilization of nursing home services, as estimated by the
21 department.

22 SECTION 9. 46.275 (5) (a) of the statutes is amended to read:

23 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the
24 department under sub. (3r), provides under this program is available from the
25 appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w). If 2 or more counties

INSERT
5-4

1 jointly contract to provide services under this program and the department approves
2 the contract, Medical Assistance reimbursement is also available for services
3 provided jointly by these counties.

4 **SECTION 10.** 46.275 (5) (c) of the statutes is amended to read:

5 46.275 (5) (c) The total allocation under s. 20.435 (4) (b), (~~gp~~), (o), and (w) to
6 counties and to the department under sub. (3r) for services provided under this
7 section may not exceed the amount approved by the federal department of health and
8 human services. A county may use funds received under this section only to provide
9 services to persons who meet the requirements under sub. (4) and may not use
10 unexpended funds received under this section to serve other developmentally
11 disabled persons residing in the county.

12 **SECTION 11.** 46.283 (5) of the statutes is amended to read:

13 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),
14 (bm), (~~gp~~), (pa), and (w) and (7) (b), (bd), and (md), the department may contract with
15 organizations that meet standards under sub. (3) for performance of the duties under
16 sub. (4) and shall distribute funds for services provided by resource centers.

17 **SECTION 12.** 46.284 (5) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
18 is amended to read:

19 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), (~~gp~~),
20 (im), (o), and (w) and (7) (b), (bd), and (g), the department shall provide funding on
21 a capitated payment basis for the provision of services under this section.
22 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is
23 under contract with the department may expend the funds, consistent with this
24 section, including providing payment, on a capitated basis, to providers of services
25 under the family care benefit.

1 SECTION 13. 46.485 (2g) (intro.) of the statutes is amended to read:

2 46.485 (2g) (intro.) From the appropriation ~~accounts~~ account under s. 20.435
3 (4) (b) ~~and (gp)~~, the department may in each fiscal year transfer funds to the
4 appropriation under s. 20.435 (7) (kb) for distribution under this section and from the
5 appropriation account under s. 20.435 (7) (mb) the department ~~may not~~ shall
6 distribute ~~more than~~ \$1,330,500 in each fiscal year to applying counties in this state
7 that meet all of the following requirements, as determined by the department:

8 SECTION 14. 49.45 (2) (a) 17. of the statutes is amended to read:

9 49.45 (2) (a) 17. Notify the governor, the joint committee on legislative
10 organization, the joint committee on finance and appropriate standing committees,
11 as determined by the presiding officer of each house, if the appropriation ~~accounts~~
12 account under s. 20.435 (4) (b) ~~and (gp)~~ is insufficient to provide the state share
13 of medical assistance.

14 SECTION 15. 49.45 (5m) (title) of the statutes is amended to read:

15 49.45 (5m) (title) SUPPLEMENTAL FUNDING FOR RURAL AND CRITICAL ACCESS,
16 HOSPITALS.

✓
INSERT
7-16

17 SECTION 16. 49.45 (5m) (am) of the statutes is amended to read:

18 49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
19 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall distribute not more
20 than \$2,256,000 in each fiscal year 2007-08 and not more than \$5,256,000 in fiscal
21 year 2008-09 and each fiscal year thereafter, to provide supplemental funds to rural
22 hospitals that, as determined by the department, have high utilization of inpatient
23 services by patients whose care is provided from governmental sources, ~~and to~~
24 ~~provide supplemental funds to critical access hospitals,~~ except that the department

1 may not distribute funds to a rural hospital or to a critical access hospital to the
2 extent that the distribution would exceed any limitation under 42 USC 1396b (i) (3).

3 SECTION 17. 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

4 49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this
5 subsection made under s. 20.435 (4) (b), ~~(gp)~~, (o), (pa), or (w) shall, except as provided
6 in pars. (bg), (bm), and (br), be determined according to a prospective payment
7 system updated annually by the department. The payment system shall implement
8 standards that are necessary and proper for providing patient care and that meet
9 quality and safety standards established under subch. II of ch. 50 and ch. 150. The
10 payment system shall reflect all of the following:

11 SECTION 18. 49.45 (6v) (b) of the statutes is amended to read:

12 49.45 (6v) (b) The department shall, each year, submit to the joint committee
13 on finance a report for the previous fiscal year, except for the 1997-98 fiscal year, that
14 provides information on the utilization of beds by recipients of medical assistance in
15 facilities and a discussion and detailed projection of the likely balances,
16 expenditures, encumbrances and carry over of currently appropriated amounts in
17 the appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, and (o).

18 SECTION 19. 49.45 (6x) (a) of the statutes is amended to read:

19 49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
20 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall distribute not more
21 than \$4,748,000 in each fiscal year, to provide funds to an essential access city
22 hospital, except that the department may not allocate funds to an essential access
23 city hospital to the extent that the allocation would exceed any limitation under 42
24 USC 1396b (i) (3).

25 SECTION 20. 49.45 (6y) (a) of the statutes is amended to read:

1 49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
2 under s. 20.435 (4) (b), (~~gp~~), (o), and (w), the department shall may distribute funding
3 in each fiscal year to provide supplemental payment to hospitals that enter into a
4 contract under s. 49.02 (2) to provide health care services funded by a relief block
5 grant, as determined by the department, for hospital services that are not in excess
6 of the hospitals' customary charges for the services, as limited under 42 USC 1396b
7 (i) (3). If no relief block grant is awarded under this chapter or if the allocation of
8 funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
9 department may distribute funds to hospitals that have not entered into a contract
10 under s. 49.02 (2).

11 **SECTION 21.** 49.45 (6y) (am) of the statutes is amended to read:

12 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
13 under s. 20.435 (4) (b), (h), (~~gp~~), (o), and (w), the department shall distribute funding
14 in each fiscal year to provide supplemental payments to hospitals that enter into
15 contracts under s. 49.02 (2) with a county having a population of 500,000 or more to
16 provide health care services funded by a relief block grant, as determined by the
17 department, for hospital services that are not in excess of the hospitals' customary
18 charges for the services, as limited under 42 USC 1396b (i) (3).

19 **SECTION 22.** 49.45 (6z) (a) (intro.) of the statutes, as affected by 2007 Wisconsin
20 Act 20, is amended to read:

21 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
22 accounts under s. 20.435 (4) (b), (~~gp~~), (o), and (w), the department may distribute
23 funding in each fiscal year to supplement payment for services to hospitals that enter
24 into indigent care agreements, in accordance with the approved state plan for
25 services under 42 USC 1396a, with relief agencies that administer the medical relief

1 block grant under this chapter, if the department determines that the hospitals serve
2 a disproportionate number of low-income patients with special needs. If no medical
3 relief block grant under this chapter is awarded or if the allocation of funds to such
4 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department
5 may distribute funds to hospitals that have not entered into indigent care
6 agreements. The department may not distribute funds under this subsection to the
7 extent that the distribution would do any of the following:

8 **SECTION 23.** 49.45 (8) (b) of the statutes is amended to read:

9 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w) for home
10 health services provided by a certified home health agency or independent nurse
11 shall be made at the home health agency's or nurse's usual and customary fee per
12 patient care visit, subject to a maximum allowable fee per patient care visit that is
13 established under par. (c).

14 **SECTION 24.** 49.45 (24m) (intro.) of the statutes is amended to read:

15 49.45 (24m) (intro.) From the appropriation accounts under s. 20.435 (4) (b),
16 ~~(gp)~~, (o), and (w), in order to test the feasibility of instituting a system of
17 reimbursement for providers of home health care and personal care services for
18 medical assistance recipients that is based on competitive bidding, the department
19 shall:

20 **SECTION 25.** 49.45 (52) of the statutes is amended to read:

21 49.45 (52) PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the
22 department may, from the appropriation account under s. 20.435 (7) (b), make
23 Medical Assistance payment adjustments to county departments under s. 46.215,
24 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01
25 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and

1 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment
2 adjustments under this subsection shall include the state share of the payments.
3 The total of any payment adjustments under this subsection and Medical Assistance
4 payments made from appropriation accounts under s. 20.435 (4) (b), (~~gp~~), (o), and (w)
5 may not exceed applicable limitations on payments under 42 USC 1396a (a) (30) (A).

6 **SECTION 26.** 49.45 (58) of the statutes is created to read:

7 49.45 (58) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
8 department shall establish a schedule of amounts that each health maintenance
9 organization that contracts with the department to provide medical assistance
10 services or services under s. 49.665 for a capitated payment rate shall pay monthly
11 to each hospital that serves recipients of medical assistance services or recipients of
12 services under s. 49.665. The amounts shall be based on any increase in the capitated
13 rate that the department pays a health maintenance organization, which increase
14 is intended to cover inpatient and outpatient hospital services and which is
15 associated with the assessment imposed on hospitals under s. 50.375. The
16 department shall use the information that it uses to calculate the capitated rates
17 that the department pays health maintenance organizations and encounter data
18 that is provided by the health maintenance organizations to calculate the amounts
19 in the schedule. The department shall disclose publicly the methodology it uses to
20 calculate the amounts in the schedule. The department shall recalculate the
21 amounts in the schedule at least once every 12 months.

22 (b) The department shall require, as a term of contracts with health
23 maintenance organizations to provide medical assistance services or services under
24 s. 49.665 for a capitated payment rate, that the health maintenance organization do
25 all of the following:

1 1. Monthly pay hospitals the applicable amounts in the schedule under par. (a).

2 2. Every 6 months, and for each hospital to which the health maintenance
3 organization made payments under par. (a), reconcile the amount that the health
4 maintenance organization paid the hospital under par. (a) plus any other amounts
5 that the health maintenance organization paid the hospital for providing inpatient
6 and outpatient services to recipients of medical assistance or recipients of services
7 under s. 49.665 for the previous 6 months with the amount that the hospital charged
8 the health maintenance organization for providing inpatient and outpatient services
9 during the same 6 months to recipients of medical assistance or recipients of services
10 under s. 49.665, and, if the amount of the charges exceeds the amount of the
11 payments, pay the hospital the difference within 90 days.

12 (c) If the total payments that a health maintenance organization made to a
13 hospital under par. (a) plus any other amounts that the health maintenance
14 organization paid the hospital for providing inpatient and outpatient services to
15 recipients of medical assistance or recipients of services under s. 49.655 for a
16 6-month period that is subject to a reconciliation under par. (b), exceed the amount
17 that the hospital charges the health maintenance organization for providing
18 inpatient and outpatient services to recipients of medical assistance or recipients of
19 services under s. 49.665 for that 6-month period, the hospital shall pay the health
20 maintenance organization the difference within 90 days after the end of the 6-month
21 period.

22 (d) If the department determines that a health maintenance organization has
23 not complied with a condition under par. (b), the department shall require the health
24 maintenance organization to comply with the condition within 15 days after the
25 department's determination. The department may terminate a contract with a

1 health maintenance organization to provide medical assistance services or services
2 under s. 49.665 for a capitated payment rate for failure to comply with a condition
3 under par. (b). The department may audit health maintenance organizations to
4 determine whether they have complied with the conditions under par. (b).

5 (e) If a health maintenance organization and hospital cannot resolve the
6 amount that a health maintenance organization owes a hospital under par. (b) 2. or
7 that a hospital owes a health maintenance organization under par. (c), and either the
8 health maintenance organization or the hospital, within 6 months after the end of
9 the time period to which the disputed amount relates, requests that the department
10 determine the amount owed, the department shall determine the amount within 90
11 days after the request is made. The health maintenance organization or hospital is,
12 upon request, entitled to a contested case hearing under ch. 227 on the department's
13 determination.

14 ~~SECTION 27.~~ 49.472 (6) (a) of the statutes is amended to read:

15 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
16 under s. 20.435 (4) (b), ~~(gp)~~, or (w), the department shall, on the part of an individual
17 who is eligible for medical assistance under sub. (3), pay premiums for or purchase
18 individual coverage offered by the individual's employer if the department
19 determines that paying the premiums for or purchasing the coverage will not be more
20 costly than providing medical assistance.

21 ~~SECTION 28.~~ 49.472 (6) (b) of the statutes is amended to read:

22 49.472 (6) (b) If federal financial participation is available, from the
23 appropriation account under s. 20.435 (4) (b), ~~(gp)~~, or (w), the department may pay
24 medicare Part A and Part B premiums for individuals who are eligible for medicare
25 and for medical assistance under sub. (3).

SECTION 29

as determined by the department

1 SECTION 29. 49.473 (5) of the statutes is amended to read:

2 49.473 (5) The department shall audit and pay, from the appropriation
3 accounts under s. 20.435 (4) (b), (gp), and (o), allowable charges to a provider who is
4 certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman who
5 meets the requirements under sub. (2) for all benefits and services specified under
6 s. 49.46 (2).

September 30, December 31,
March 31, and June 30

7 SECTION 30. 50.375 of the statutes is created to read:

8 **50.375 Assessment.** (1) Except as provided in subs. (2) and (7), for the
9 privilege of doing business in this state, there is imposed on each hospital an annual
10 assessment, based on the hospital's gross patient revenue that each hospital shall
11 pay quarterly before ~~December 1, March 1, June 1, and September 1~~ of each year,
12 beginning with the payment due before ~~December 1, 2007~~. The assessments shall
13 be deposited into the ~~hospital assessment~~ fund.

September 30, 2008

Medical Assistance Trust

14 (2) At the discretion of the department, a hospital that is unable timely to make
15 a payment by a date specified under sub. (1) may be allowed to make a delayed
16 payment. A determination by the department that a hospital may not make a
17 delayed payment under this subsection is final and is not subject to review under ch.
18 227.

19 (3) The amount of each hospital's assessment shall be based on the information
20 that shall be provided to the department under s. 153.46 (5) or shall be based on any
21 other source that is approved in the state plan for services under 42 USC 1396.

22 (4) The department shall verify the amount of each hospital's gross patient
23 revenue and shall determine the amount of the assessment owed by each hospital
24 based on a uniform rate that is applicable to total gross patient revenue that the

and the amounts specified under 2007 Wisconsin Act... (this act) section (*) (1)

AUTOREF A

See Insert 15-16 & 17-14

department estimates will yield the amounts specified in the appropriation schedule under s. 20.005 (3) for the appropriation account under s. 20.435 (4) (xc)

(5) The department shall levy, enforce, and collect the assessments under this section and shall develop and distribute forms necessary for these purposes.

(6) If the department determines that any portion of the revenue needed to provide Medical Assistance payment increases for inpatient and outpatient hospital services as fee for service or through health maintenance organizations is not eligible for federal financial participation, the department will refund that amount of revenue to hospitals in proportion to each hospital's payment of the assessment.

(7) This section does not apply to a critical access hospital, as defined in s. 50.33 (1g), or to an institution for mental diseases, as defined in s. 46.011 (1m).

(8) Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under subch. III of ch. 77, apply to the assessment under this section, except that the amount of any assessment collected under sub. (1) shall be deposited in the hospital

assessment fund.

Medical Assistance Trust

and by every December 31 thereafter

SECTION 31. 146.99 of the statutes is repealed.

SECTION 32. Nonstatutory provisions.

(1) HOSPITAL ASSESSMENT REPORT; REVIEW BY JOINT COMMITTEE ON FINANCE.

(a) By December 31, 2009, the department of health and family services shall report to the joint committee on finance of the legislature all of the following information for the immediately previous state fiscal year:

1. The total amount of assessments collected under section 50.375 of the statutes, as created by this act.

this

1 2. The total amount of assessments collected from each hospital under section
2 ~~50.373~~ of the statutes, as created by this act.

3 3. The total amounts that the department ~~of health and family services~~
4 determines were paid to health maintenance organizations for increased Medical
5 Assistance payments to hospitals.

6 4. The total amount of payments made to each hospital by health maintenance
7 organizations under ~~section~~ 49.45 (58) (b) 1 ~~of the statutes, as created by this act.~~

8 5. The total amount of Medical Assistance payments made to each hospital and
9 the portion of the Medical Assistance capitated payments made to health
10 maintenance organizations for inpatient and outpatient hospital services from
11 appropriation accounts of general purpose revenues.

12 6. The total amounts obtained under ~~subdivisions~~ 3. and 5.

13 7. The results of any audits conducted by the department ~~of health and family~~
14 ~~services~~ under ~~section~~ 49.45 (58) ~~of the statutes, as created by this act,~~ concerning
15 Medical Assistance payments and any actions taken by the department as a result
16 of such an audit.

17 (b) 1. If the cochairpersons of the joint committee on finance do not notify the
18 department within 14 working days after the date of submittal of the report under
19 ~~paragraph~~ (a) that the committee has scheduled a meeting for the purpose of
20 reviewing the report, the department shall continue to pay to health maintenance
21 organizations, under ~~section~~ 49.45 (58) (b) 1. ~~of the statutes, as created by this act,~~
22 increased Medical Assistance payments to hospitals.

23 2. If, within 14 working days after the date of submittal of the report under
24 ~~paragraph~~ (a), the cochairpersons of the joint committee on finance notify the
25 department that the committee has scheduled a meeting to review the report, the

s. x2

subds.

par. x2

s.

1 department may pay to health maintenance organizations, under ~~section~~ 49.45 (58)
2 ~~of the statutes, as created by this act,~~ increased Medical Assistance payments to
3 hospitals only upon approval of the committee unless ~~subdivision~~ 3. or 5. applies.

4 3. If the joint committee on finance does not hold the meeting to review the
5 department's report within the time specified in ~~subdivision~~ 4., the department shall
6 continue to pay to health maintenance organizations under ~~section~~ 49.45 (58) ~~of the~~
7 ~~statutes, as created by this act,~~ increased Medical Assistance payments to hospitals.

8 4. The joint committee on finance may hold a meeting to review the
9 department's report within 16 working days after the cochairpersons notify the
10 department that a meeting has been scheduled.

11 5. If the joint committee on finance holds a meeting under ~~subdivision~~ 4., the
12 committee shall review the department's report and authorize continued payment
13 to health maintenance organizations as specified under ~~subdivision~~ 1. or may
14 discontinue or modify the payment.

INSERT
17-14

15 **SECTION 33. Effective dates.** This act takes effect on ~~the day after publication~~
16 except as follows: MEDICAL ASSISTANCE TRUST FUND TRANSFER

17 (1) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. The ~~treatment~~
18 of section 49.45 (58) of the statutes takes effect on July 1, 2008 2010

19 amendment (END) ✓

50.375(4)

July 1, 2008

→ D-NOTE

.....
L bk
DAK

INSERT A

no \$ They are also appropriated to increase the amount of moneys DHFS must distribute to rural hospitals for fiscal year 2008-09 and each fiscal year thereafter, by \$3,000,000. Lastly, they are transferred from the MA trust fund to the injured patients and families compensation fund in the amounts of \$60,000,000 in fiscal year 2008-09 and \$65,000,000 in fiscal year 2009-10.

INSERT 5-4

SECTION 1. 25.77 (11) of the statutes is created to read:

25.77 (11) All moneys received under s. 50.375 from assessments on hospitals.

INSERT 7-16

SECTION 2. 49.45 (5m) (ag) of the statutes is repealed.

INSERT 15-16

SECTION 3. 50.375 (4) of the statutes, as created by 2007 Wisconsin Act ... (this act), is amended to read:

50.375 (4) The department shall verify the amount of each hospital's gross patient revenue and shall determine the amount of the assessment owed by each hospital based on a uniform rate that is applicable to total gross patient revenue that the department estimates will yield the amounts specified in the appropriation schedule under s. 20.005 (3) for the appropriation account under s. 20.435 (4) (xc) and the amounts specified under 2007 Wisconsin Act ... (this act), section *(1).

INSERT 17-14

SECTION 4. 146.99 of the statutes is repealed.

SECTION 5. Fiscal changes.

auto ref B → (1) MEDICAL ASSISTANCE TRUST FUND TRANSFER. There is transferred from the Medical Assistance trust fund to the injured patients and families compensation fund \$60,000,000 in fiscal year 2008-09 and \$65,000,000 in fiscal year 2009-10.

end of inserts

AUTO REF B
AUTO REF A

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3446/P1dn

DAK:.....

Lbjk

Date

amended
out

no #

At Sae Meinholtz's requests we
are also providing a copy to
Barbara Worcester

To Senator Breske:

* We are providing this bill to you in preliminary form, but with an analysis, to give you the opportunity to ensure that the bill does what you intend before it is introducible. The following are issues that arose in the course of drafting:

1. I included in the amounts in the schedule for the appropriation under s. 20.435 (4) (xc) increased payment of \$3,000,000 per fiscal year for rural hospitals, under s. 49.45 (5m), stats. Note that I have ~~repeated~~ reference to critical access hospitals from s. 49.45 (5m), stats., because Charlie Morgan of the Fiscal Bureau indicates they are fully funded under other MA funding and receive no moneys under that subsection. This is also important to do because critical access hospitals are exempted, under s. 50.375 (7), under the bill, from the assessments, and it would otherwise appear that, though exempted, they are being reimbursed at a higher rate; I understand that this would be unacceptable to CMMS.

2. Please review the treatment of s. 46.485 (2g) (intro.), stats., in this bill. Special Session Senate Bill 1 changed "may not" to "shall"; I have kept the language as it appeared in that bill, but am uncertain if that is what you want.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.wisconsin.gov

Please note the changes in proposed s. 49.45 (58) (b) 2. and (c) from Special Session Senate Bill 1. That bill requires HMOs and hospitals to reconcile the monthly HMO payments to hospitals with actual hospital charges. However, the monthly HMO payments to hospitals only cover the increase in rates for hospital services, not what HMOs currently pay. This bill requires HMOs and hospitals to reconcile the monthly HMO payments to hospitals plus any other payments an HMO makes to a hospital for services with the actual charges. Please let me know if this is not accurate.

Robin Ryan
Legislative Attorney
Phone: (608) 261-6927
E-mail: robin.ryan@legis.wisconsin.gov

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3446/P1dn
DAK&RLR:bjk:nwn

January 2, 2008

To Senator Breske:

We are providing this bill to you in preliminary form, but with an analysis, to give you the opportunity to ensure that the bill does what you intend before it is introducible. At Sue Meinholz's request, we are also providing a copy to Barbara Worcester. The following are issues that arose in the course of drafting:

1. I included in the amounts in the schedule for the appropriation under s. 20.435 (4) (xc) increased payment of \$3,000,000 per fiscal year for rural hospitals, under s. 49.45 (5m), stats. Note that I have amended out reference to critical access hospitals from s. 49.45 (5m), stats., because Charlie Morgan of the Fiscal Bureau indicates they are fully funded under other MA funding and receive no moneys under that subsection. This is also important to do because critical access hospitals are exempted, under s. 50.375 (7), under the bill, from the assessments, and it would otherwise appear that, though exempted, they are being reimbursed at a higher rate; I understand that this would be unacceptable to CMMS.
2. Please review the treatment of s. 46.485 (2g) (intro.), stats., in this bill. Special Session Senate Bill 1 changed "may not" to "shall"; I have kept the language as it appeared in that bill, but am uncertain if that is what you want.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137
E-mail: debora.kennedy@legis.wisconsin.gov

Please note the changes in proposed s. 49.45 (58) (b) 2. and (c) from Special Session Senate Bill 1. That bill requires HMOs and hospitals to reconcile the monthly HMO payments to hospitals with actual hospital charges. However, the monthly HMO payments to hospitals only cover the increase in rates for hospital services, not what HMOs currently pay. This bill requires HMOs and hospitals to reconcile the monthly HMO payments to hospitals plus any other payments an HMO makes to a hospital for services with the actual charges. Please let me know if this is not accurate.

Robin Ryan
Legislative Attorney
Phone: (608) 261-6927
E-mail: robin.ryan@legis.wisconsin.gov

1/16/08 Mtg w/ Charlie Morgan (LFB) -3446/P1
Redraft:

① Should new assessment be used to replace
\$1.5 mil. from old assessment?

From Sue: ok

② Amend 20.435(4)(xc) to " and to provide
\$1.5 mil in each fy to support MA programs
benefits admin. under s. 49.45.

From Sue: ok

③ Change \$ amt in schedule for 20.435
(4)(xc) to \$150,458,300

Assessment Proposal -- LRB 3446/P1
 Exempt Critical Access Hospitals and Psychiatric Hospitals from the Assessment

Assumes the Assessment and Rate Increases would begin in 2008-09.

Estimated FMAP for 2008-09 58.94%

Total Funding Increase	Hospital Revenue (SEG)	MA Matching Funds (FED)	PR	(Total)
General Hospital Rate Increase	\$147,726,500	\$212,055,500	\$0	\$359,782,000
Replace Current PR Assessment	1,500,000	0	-1,500,000	0
Rural Hospital Adjustment	<u>1,231,800</u>	<u>1,768,200</u>	<u>0</u>	<u>3,000,000</u>
Total	\$150,458,300	\$213,823,700	\$364,282,000	\$362,782,000
Payback to the Injured Patients and Families Compensation Fund	\$60,000,000	\$0		\$60,000,000
Hospital Total Assessment	\$210,458,300	\$0		\$210,458,300
Aggregate Rate Increase for Hospitals (All Funds)	\$362,782,000			
Net (Aggregate) Gain for Hospitals	\$152,323,700			