



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX - **PLEASE DO NOT REMOVE FROM DRAFTING FILE**

Date Transfer Requested: 03/11/2008 (Per: CMH)

Compile Draft – Appendix A ... Part 04 of 12

- ☞ The 2007 drafting file for LRB-4059
 - ☞ The 2007 drafting file for LRB-4072
 - ☞ The 2007 drafting file for LRB-4077
 - ☞ The 2007 drafting file for LRB-4081
 - ☞ The 2007 drafting file for LRB-4082
 - ☞ The 2007 drafting file for LRB-4168
 - ☞ The 2007 drafting file for LRB-4187
 - ☞ The 2007 drafting file for LRB-4188
 - ☞ The 2007 drafting file for LRB-4215
 - ☞ The 2007 drafting file for LRB-4240
 - ☞ The 2007 drafting file for LRB-4242
 - ☞ The 2007 drafting file for LRB-4267
- (A)

2007 LRB-4081 has been moved to the drafting file for

2007 LRB-4268

(Special Session Mr8 ... Budget Adjustment Bill)

2007 DRAFTING REQUEST

Bill

Received: **02/13/2008**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies: **JohnsJT@dhfs.state.wi.us**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

Topic:

Hospital assessment

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 02/21/2008	bkraft 02/21/2008		_____			S&L
/1			jfrantze 02/22/2008	_____	lparisi 02/22/2008		S&L
/2	dkennedy 03/05/2008	csicilia 03/05/2008	jfrantze 03/05/2008	_____	sbasford 03/05/2008		S&L
/3	dkennedy	bkraft	nmatzke	_____	lparisi		S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	03/06/2008	03/06/2008	03/06/2008	_____	03/06/2008		
/4	dkennedy 03/08/2008 rryan 03/11/2008	rschluet 03/10/2008 lkunkel 03/11/2008	rschluet 03/10/2008 _____ _____ _____	_____ _____ _____ _____	lparisi 03/10/2008		S&L
/5			rschluet 03/11/2008	_____ _____	lparisi 03/11/2008		S&L
/6	dkennedy 03/11/2008	csicilia 03/11/2008	nnatzke 03/11/2008	_____ _____	sbasford 03/11/2008		

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: **02/13/2008**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies: **JohnsJT@dhfs.state.wi.us**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

Topic:

Hospital assessment

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 02/21/2008	bkraft 02/21/2008		_____			S&L
/1			jfrantze 02/22/2008	_____	lparisi 02/22/2008		S&L
/2	dkennedy 03/05/2008	csicilia 03/05/2008	jfrantze 03/05/2008	_____	sbasford 03/05/2008		S&L
/3	dkennedy	bkraft	nmatzke nun 3/11	_____	lparisi		S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	03/06/2008	03/06/2008	03/06/2008	_____	03/06/2008		
/4	dkennedy 03/08/2008 rryan 03/11/2008	rschluet 03/10/2008 lkunkel 03/11/2008	rschluet 03/10/2008	_____ _____ _____	lparisi 03/10/2008		S&L
/5			rschluet 03/11/2008	_____ _____	lparisi 03/11/2008		

16 jjs 3/11/08

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: **02/13/2008**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies: **JohnsJT@dhfs.state.wi.us**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

Topic:

Hospital assessment

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 02/21/2008	bkraft 02/21/2008		_____			S&L
/1			jfrantze 02/22/2008	_____	lparisi 02/22/2008		S&L
/2	dkennedy 03/05/2008	csicilia 03/05/2008	jfrantze 03/05/2008	_____	sbasford 03/05/2008		S&L
/3	dkennedy	bkraft	natzke	_____	lparisi		S&L

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	03/06/2008	03/06/2008	03/06/2008	_____	03/06/2008		
/4	dkennedy 03/08/2008	rschluet 03/10/2008	rschluet 03/10/2008	_____	lparisi 03/10/2008		

FE Sent For: */s/mk 3/11*

<END>

2007 DRAFTING REQUEST

Bill

Received: **02/13/2008**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies: **JohnsJT@dhfs.state.wi.us**

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

Topic:

Hospital assessment

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 02/21/2008	bkraft 02/21/2008					S&L
/1			jfrantze 02/22/2008		lparisi 02/22/2008		S&L
/2	dkennedy 03/05/2008	csicilia 03/05/2008	jfrantze 03/05/2008		sbasford 03/05/2008		S&L
/3	dkennedy	bkraft	nнатзке		lparisi		S&L

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

03/06/2008 03/06/2008 03/06/2008 _____ 03/06/2008
dkennedy

495 3/10
of

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: **02/13/2008**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

Topic:

Hospital assessment

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 02/21/2008	bkraft 02/21/2008		_____			S&L
/1			jfrantze 02/22/2008	_____	lparisi 02/22/2008		S&L
/2	dkennedy 03/05/2008	csicilia 03/05/2008	jfrantze 03/05/2008	_____	sbasford 03/05/2008		S&L
/3	dkennedy	bkraft	natzke	_____	lparisi		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	03/06/2008	03/06/2008	03/06/2008	_____	03/06/2008		

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: **02/13/2008**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

Topic:

Hospital assessment

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 02/21/2008	bkraft 02/21/2008		_____			S&L
/1			jfrantze 02/22/2008	_____	lparisi 02/22/2008		S&L
/2	dkennedy 03/05/2008	csicilia 03/05/2008	jfrantze 03/05/2008	_____	sbasford 03/05/2008		

13 bjk 3/6
nmn 3/6
nmn/jb 3/6

FE Sent For:

<END>

2007 DRAFTING REQUEST

Bill

Received: **02/13/2008**

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

Topic:

Hospital assessment

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 02/21/2008	bkraft 02/21/2008		_____			S&L
/1			jfrantze 02/22/2008	_____	lparisi 02/22/2008		

FE Sent For:

Jo
3/5 *HPG*
3/5
<END>

2007 DRAFTING REQUEST

Bill

Received: 02/13/2008

Received By: **dkennedy**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 7-79890**

By/Representing: **Gauger**

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

Drafter: **dkennedy**

May Contact:

Addl. Drafters: **rryan**

Subject: **Health - miscellaneous**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Gauger, BAB003 -

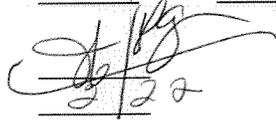
Topic:

Hospital assessment

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	1 bjk 2/21	Jo 2/21	 2/22			

FE Sent For:

<END>

DRAK

2007-09 Budget Adjustment Bill Statutory Language Drafting Request

- Topic: Hospital Assessment
- Tracking Code: BAB003
- SBO team: Health and Insurance
- SBO analyst: Michelle Gauger mg
 - Phone: 267-7980
 - Email: Michelle.Gauger@Wisconsin.Gov
- Agency acronym: DHFS
- Agency number: 435
- Priority (Low, Medium, High): High

Hospital Assessment Statutory Language Drafting Request

Current Language

None.

Proposed Change

Authorize DHFS to collect an assessment on Wisconsin hospitals in the amounts specified in the schedule. Revenue from the assessment will be deposited into the newly-created Hospital Trust Fund.

A similar provision was drafted in October 2007 in LRB-3291 but was not adopted in 2007 Act 20. Changes to the instructions provided in the drafting of LRB-3291 are highlighted in yellow.

- ✓ 1. The hospital assessment is imposed on hospitals in Wisconsin, for the privilege of doing business in the state.
 - ✓ 2. Payment of the hospital assessment will be due quarterly every year on December 1, March 1, June 1 and September 1, beginning with SFY 2009. The entire assessment imposed in SFY 2008 is due on June 1, 2008.
 - ✓ 3. Psychiatric hospitals (IMDs) and Critical Access Hospitals are excluded from the assessment.
 - ✓ 4. DHFS may allow delayed payment by hospitals that are unable to make payments due to financial difficulties, as determined by DHFS at its sole discretion. DHFS' determinations under this clause are final and not subject to review under ch. 227 or otherwise.
 - ✓ 5. The amount of the assessment will be based on the hospital gross patient revenues as reported in the information provided to DHFS under s. 153.46(5) or from any other sources as approved by the Centers for Medicare and Medicaid Services.
 - ✓ 6. DHFS shall verify the amount of each hospital's gross patient revenue and will determine the amount of the assessment owed by each hospital based on a uniform rate applicable to total gross revenue that the department estimates will yield the amounts specified in the appropriation schedules for s. 20.435(4)--- (see item #9)
- ✓ The assessment amount for SFY 2008 is \$205,532,800. The assessment amount for SFY 2009 is \$212,726,500.

$$\begin{array}{r} 1,500,000 \\ + 205,532,800 \\ \hline 207,032,800 \end{array}$$

↪ 212,726,500

7. DHFS shall levy, enforce and collect the hospital assessment and shall develop and distribute forms necessary for these purposes.
8. If DHFS determines that any portion of the revenue needed to provide payment increases to hospitals through fee-for-service and health maintenance organizations, and supplement funding for the MA program 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.
9. A new, nonlapsible segregated trust fund will be created and called the Hospital Trust Fund. All revenue from the hospital assessment and interest generated, will be deposited into and appropriated in this fund. The Joint Commitment on Finance is prohibited from transferring funds for any other purpose. *Suggested language "Notwithstanding any other provision of law to the contrary, including s.13.10, funds cannot be transferred or otherwise used for any other purpose."*

Monies in the fund can only be used:

*D-NOTE
No; unnecessary
to draft
**

- a. To provide a portion of the state share of Medical Assistance program benefits and the BadgerCare health care program. The amount that may be expended for this purpose in the 2007-09 biennium cannot exceed \$125 million.
- b. As the non-federal share to make increased payments and refunds to hospitals through the Medical Assistance and BadgerCare programs. These increased payments are to be used to increase hospital rates in excess of the aggregate inpatient and outpatient hospital rates in effect in SFY 2006.

10. Two biennial appropriations should be created, one for each of the uses above.

Total Revenue Collected from Assessment	205,532,800	212,726,500
MA and BC benefits	60,000,000	65,000,000
Increased Hospital Benefits	145,532,800	147,726,500

see changed \$ amounts D-Note

11. Write down the GPR appropriation for Medical Assistance s. 20.435(4)(b) by \$60,000,000 in SFY 2008 and \$65,000,000 in SFY 2009 to reflect the decrease in the need for GPR because of the increase in SEG funding for Medical Assistance benefit expenditures.

56,500,000

12. Periodic Interim Payments:

63,500,000

- a. DHFS must amend the department's contracts with Health Maintenance Organizations serving Medical Assistance and BadgerCare recipients to require HMOs to provide rate increases to hospitals for inpatient and outpatient services using the periodic interim payment methodology
- b. If DHFS determines that a HMO has not met the requirements of this section, DHFS shall require compliance within 15 days. If DHFS determines that an HMO is regularly not in compliance with this paragraph, DHFS may require corrective actions or terminate its contract with that HMO.
- c. The periodic interim payment methodology will be administered by DHFS so that health maintenance organizations (HMOs) increase their payments to hospitals in amounts that are consistent with the purpose and intent of the fee-for-service hospital rate increases and the objective of reducing unnecessary utilization through managed care.
- d. Each month, DHFS will determine the share of the capitation payments made to health maintenance organizations that is related to the increased hospital payments from the assessment.
- e. HMOs must make monthly interim increased payments (called periodic interim payments) to hospitals based on the schedule determined by DHFS. The amounts of the periodic interim payments will be adjusted every six months and will be based on information used to calculate each HMO's capitation rate and encounter data provided by HMOs to DHFS.
- f. Within three months of the end of a 6 month payment period, each HMO must reconcile every six months the periodic interim payments made to hospitals with actual claims experience with that hospital and make adjustments to the payments so that final reimbursement reflects actual payment services provided to Medical Assistance and BadgerCare recipients.
- g. At the completion of each reconciliation, HMOs and hospitals have 6 months to attempt to resolve any disputes concerning periodic interim payments, payment adjustments, and the reconciliation of payments. In the case of an unresolved dispute, DHFS, upon request of either the HMO or hospital, shall, within 3 months, make a determination on the disputed amount. This determination is subject to a Ch. 227 contested case review by either party.
- h. DHFS may conduct audits to ensure that HMOs and hospitals meet the requirements of this section.
- i. DHFS will publicly disclose the PIP methodology

13. Beginning December 31, 2008, and each December 31 thereafter as long as the assessment is imposed, DHFS will report to the Joint Committee on Finance the following information for the previous state fiscal year:

- a. The total assessment collected from hospitals
- b. The assessment collected from each hospital

- c. The total amounts DHFS determined were paid to HMOs that were related to the increased hospital payments (item 11d above).
- d. The total periodic interim payments made to each hospital by HMOs
- e. The payments made to each hospital and the portion of the capitation payments paid to HMOs for inpatient and outpatient hospital services made with general purpose revenue.
- f. The results of any audits and actions taken by DHFS as a result of the audits.
- g. The total amount of capitated payments paid to each HMO for hospital reimbursement

14. Sunset: **There is no sunset**

Effect of the Change

Levies an assessment on Wisconsin hospitals, with the revenues deposited into the newly-created Hospital Trust Fund. Further, the change defines a methodology for payment of supplemental reimbursement to hospitals and requires DHFS annually report to the Joint Committee on Finance.

Rationale for the Change

This change increases the amount of revenue that can be used as the non-federal share of Medicaid expenses.

Desired Effective Date:	Upon enactment
Agency:	DOA
Agency Contact:	Michelle Gauger 267-7980