



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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

Date Transfer Requested: 03/21/2008 (Per: CMH)

Compile Draft – Appendix L

... Part 01 of 01 ...

- | | |
|---|--|
| A  The <u>2007</u> drafting file for
LRB-3832 | G  The <u>2007</u> drafting file for
LRB-4296 |
| B  The <u>2007</u> drafting file for
LRB-4188 | H  The <u>2007</u> drafting file for
LRB-4297 |
| C  The <u>2007</u> drafting file for
LRB-4292 | I  The <u>2007</u> drafting file for
LRB-4298 |
| D  The <u>2007</u> drafting file for
LRB-4293 | J  The <u>2007</u> drafting file for
LRB-4299 |
| E  The <u>2007</u> drafting file for
LRB-4294 | K  The <u>2007</u> drafting file for
LRB-4300 |
| F  The <u>2007</u> drafting file for
LRB-4295 | L  The <u>2007</u> drafting file for
LRB-4301 |

2007 LRB-4301 has been copied/added to the drafting file for

2007 LRBb1275

(SA 1 to AB 1) (Mr8)

2007 DRAFTING REQUEST

Bill

Received: 03/19/2008

Received By: dkennedy

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing:

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: charlie.morgan@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Hospital assessment

Instructions:

See Attached--4081 without the sunset

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>
/?	chanaman 03/19/2008	kfollett 03/19/2008		_____			
/P1			jfrantze 03/19/2008	_____	sbasford 03/19/2008		

FE Sent For:

<END>

2007 DRAFTING REQUEST

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Received: 03/19/2008

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1/?	chanaman	1 P/16/08 3/19	[Signature] 3/19	[Signature] 3/19			

FE Sent For:

<END>

2007 - 2008 LEGISLATURE

from 16 version
4301/P1
LRB-408176
DAK&RLR:bk&cs:own
Stats
DAK&RLR:bk/cs/kf

DOA:.....Gauger, BAB003 - Hospital assessment

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

dear you

1 AN ACT *to repeal* 20.435 (4) (gp), 49.45 (5m) (ag) and 146.99; *to amend* 46.27
2 (9) (a), 46.27 (10) (a) 1., 46.275 (5) (a), 46.275 (5) (c), 46.283 (5), 46.284 (5) (a),
3 46.485 (2g) (intro.), 49.45 (2) (a) 17., 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), 25.77 (11),
7 25.772, 49.45 (58) and 50.375 of the statutes; **relating to:** the budget
8 adjustment bill.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current federal and state law, Medical Assistance (MA) is a jointly funded, federal-state program, including BadgerCare Plus, that DHFS administers to provide health care benefits to eligible individuals with very low incomes and few assets, (generally, pregnant women, certain children, certain parents or caretaker relatives, certain adults under age 21 who were in foster care, migrant workers and

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their dependents, and elderly or disabled individuals). 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 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 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 annual hospital assessment and the associated program revenue appropriation account and, instead, authorizes DHFS to levy, enforce, and collect assessments on the gross patient revenue of hospitals, 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 entire assessment for fiscal year 2007-08 must be paid by June 1, 2008, and thereafter assessments must be paid by September 1, 2008, December 1, 2008, March 1, 2009, and June 1, 2009. 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 \$205,532,800 in fiscal year 2007-08 and \$214,226,000 in fiscal year 2008-09. DHFS may allow delayed payment by hospitals that are unable to pay by the 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 program benefits and payment increases for inpatient or outpatient hospital services as fee for service or through health maintenance organizations (HMOs) or to support the MA Program 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 a separate, nonlapsible trust fund, as created in the bill (the hospital assessment fund).

Moneys from the hospital assessments deposited in the hospital assessment fund are, under the bill, appropriated in the amounts of \$145,032,800 in fiscal year 2007-08 and \$147,726,500 in fiscal year 2008-09 to provide the MA nonfederal share for increased payments, in excess of the aggregate inpatient and outpatient MA hospital payment rates in effect in fiscal year 2006-07, and refunds to hospitals for services provided under MA. They are also transferred to the MA trust fund, less any refunds required, and appropriated to provide \$58,500,000 in fiscal year 2007-08 and \$65,000,000 in fiscal year 2008-09, for a portion of MA program benefits and to increase (together with federal Medicaid matching moneys) the amount of moneys DHFS must distribute to rural hospitals for fiscal year 2007-08 and each fiscal year thereafter, by \$3,000,000. The general program revenue appropriation account for

MA program benefits is decreased by \$60,000,000 in fiscal year 2007-08 and by \$62,500,000 in fiscal year 2008-09. JCF may not transfer moneys from the hospital assessment fund.

The bill requires HMOs, in connection with the hospital assessment, to pay increased rates to hospitals for inpatient and outpatient services provided to MA recipients. The bill requires DHFS to develop a methodology for HMOs to use in calculating these rate increases. Under the bill, the HMOs must make prospective monthly payments to hospitals for the rate increases, then must adjust the payment amounts based on actual utilization of hospital services by MA recipients enrolled in the HMO. The bill provides that if an HMO and hospital cannot agree on the amount of a payment adjustment, DHFS must, upon the request of either the HMO or hospital, determine the amount. The DHFS determination is subject to administrative review.

Under the bill, DHFS must report, by December 31, 2008, and by December 31, 2009, to JCF 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 these payments made to each hospital by HMOs; (5) the total amount of these payments made to each hospital and the portion of the capitated payments made to HMOs for inpatient and outpatient hospital services from general purpose revenues; (6) the total amounts, including amounts under (3), that DHFS determines were paid to HMOs for MA payments to hospitals; and (7) the results of any audits conducted by DHFS concerning these payments to HMOs and any actions taken by DHFS as the result of such an audit.

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:

- 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:

2007-08 2008-09

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**20.435 Health and family services, department
of**

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

(xc) Hospital assessment fund; hospi-

tal payments and refunds SEG B 145,032,800 147,726,500

INSERT 4-7

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

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

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

Biennially, from the medical assessment trust fund, the amounts in the schedule for increased payments and refunds to hospitals and for higher capitated payment rates under s. 49.45 (58) (a), as the Medical Assistance nonfederal share, in order to increase payment rates in excess of the aggregate inpatient and outpatient hospital payment rates in effect in fiscal year 2006-07 for services provided by hospitals under the Medical Assistance program administered under subch. IV of ch. 49.

INSERT 4-16

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

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

SECTION 6. 25.77 (11) of the statutes is created to read:

~~25.77 (11)~~ All moneys transferred under 2007 Wisconsin Act 2 (this act),
section 9221 (2).

SECTION 7. 25.772 of the statutes is created to read:

1 **25.772 Hospital assessment fund.** There is established a separate
2 nonlapsible trust fund designated as the hospital assessment fund, to consist of all
3 moneys received under s. 50.375 from assessments on hospitals.

4 ~~SECTION 8. 46.27 (9) (a) of the statutes is amended to read:~~

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

14 ~~SECTION 9. 46.27 (10) (a) 1. of the statutes is amended to read:~~

15 ~~46.27 (10) (a) 1. The department shall determine for each county participating~~
16 ~~in the pilot project under sub. (9) a funding level of state medical assistance~~
17 ~~expenditures to be received by the county. This level shall equal the amount that the~~
18 ~~department determines would otherwise be paid under s. 20.435 (4) (b), (gp), or (w),~~
19 ~~or because of increased utilization of nursing home services, as estimated by the~~
20 ~~department.~~

21 ~~SECTION 10. 46.275 (5) (a) of the statutes is amended to read:~~

22 ~~46.275 (5) (a) Medical Assistance reimbursement for services a county, or the~~
23 ~~department under sub. (3r), provides under this program is available from the~~
24 ~~appropriation accounts under s. 20.435 (4) (b), (gp), (o), and (w). If 2 or more counties~~
25 ~~jointly contract to provide services under this program and the department approves~~

1 the contract, Medical Assistance reimbursement is also available for services
2 provided jointly by these counties.

3 SECTION 11. 46.275 (5) (c) of the statutes is amended to read:

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

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

12 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),
13 (bm), (gp), (pa), and (w) and (7) (b), (bd), and (md), the department may contract with
14 organizations that meet standards under sub. (3) for performance of the duties under
15 sub. (4) and shall distribute funds for services provided by resource centers.

16 SECTION 13. 46.284 (5) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
17 is amended to read:

18 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), (gp),
19 (im), (o), and (w) and (7) (b), (bd), and (g), the department shall provide funding on
20 a capitated payment basis for the provision of services under this section.
21 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is
22 under contract with the department may expend the funds, consistent with this
23 section, including providing payment, on a capitated basis, to providers of services
24 under the family care benefit.

25 SECTION 14. 46.485 (2g) (intro.) of the statutes is amended to read:

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

7 **SECTION 15.** 49.45 (2) (a) 17. of the statutes is amended to read:

8 49.45 (2) (a) 17. Notify the governor, the joint committee on legislative
 9 organization, the joint committee on finance and appropriate standing committees,
 10 as determined by the presiding officer of each house, if the appropriation ~~accounts~~
 11 account under s. 20.435 (4) (b) ~~and (gp)~~ are is insufficient to provide the state share
 12 of medical assistance.

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13 **SECTION 16.** 49.45 (5m) (ag) of the statutes is repealed.

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

15 49.45 (5m) (am) Notwithstanding sub. (3) (e), ~~from~~ the appropriation accounts
 16 under s. 20.435 (4) (b), ~~(gp)~~, (o), ~~and~~ (w), and (xd), the department shall distribute not more
 17 than ~~\$2,256,000~~ \$5,256,000 in each fiscal year 2007-08 and each fiscal year
 18 thereafter, to provide supplemental funds to rural hospitals that, as determined by
 19 the department, have high utilization of inpatient services by patients whose care
 20 is provided from governmental sources, ~~and to provide supplemental funds to critical~~
 21 ~~access hospitals~~, except that the department may not distribute funds to a rural
 22 hospital ~~or to a critical access hospital~~ to the extent that the distribution would
 23 exceed any limitation under 42 USC 1396b (i) (3).

24 **SECTION 18.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

, as affected by
2007 Wisconsin Act
97,

SECTION 18

, or (xd)

1 49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this
 2 subsection made under s. 20.435 (4) (b), ~~(gp)~~, (o), (pa), ~~or~~ (w) shall, except as provided
 3 in pars. (bg), (bm), and (br), be determined according to a prospective payment
 4 system updated annually by the department. The payment system shall implement
 5 standards that are necessary and proper for providing patient care and that meet
 6 quality and safety standards established under subch. II of ch. 50 and ch. 150. The
 7 payment system shall reflect all of the following:

SECTION 19. 49.45 (6v) (b) of the statutes is amended to read:

9 49.45 (6v) (b) The department shall, each year, submit to the joint committee
 10 on finance a report for the previous fiscal year, except for the 1997-98 fiscal year, that
 11 provides information on the utilization of beds by recipients of medical assistance in
 12 facilities and a discussion and detailed projection of the likely balances,
 13 expenditures, encumbrances and carry over of currently appropriated amounts in
 14 the appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, and (o).

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

16 49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
 17 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall distribute not more
 18 than \$4,748,000 in each fiscal year, to provide funds to an essential access city
 19 hospital, except that the department may not allocate funds to an essential access
 20 city hospital to the extent that the allocation would exceed any limitation under 42
 21 USC 1396b (i) (3).

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

23 49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
 24 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall ~~may~~ distribute funding
 25 in each fiscal year to provide supplemental payment to hospitals that enter into a

1 contract under s. 49.02 (2) to provide health care services funded by a relief block
2 grant, as determined by the department, for hospital services that are not in excess
3 of the hospitals' customary charges for the services, as limited under 42 USC 1396b
4 (i) (3). If no relief block grant is awarded under this chapter or if the allocation of
5 funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
6 department may distribute funds to hospitals that have not entered into a contract
7 under s. 49.02 (2).

8 **SECTION 22.** 49.45 (6y) (am) of the statutes is amended to read:

9 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
10 under s. 20.435 (4) (b), (h), ~~(gp)~~, (o), and (w), the department shall distribute funding
11 in each fiscal year to provide supplemental payments to hospitals that enter into
12 contracts under s. 49.02 (2) with a county having a population of 500,000 or more to
13 provide health care services funded by a relief block grant, as determined by the
14 department, for hospital services that are not in excess of the hospitals' customary
15 charges for the services, as limited under 42 USC 1396b (i) (3).

16 **SECTION 23.** 49.45 (6z) (a) (intro.) of the statutes, as affected by 2007 Wisconsin
17 Act 20, is amended to read:

18 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
19 accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department may distribute
20 funding in each fiscal year to supplement payment for services to hospitals that enter
21 into indigent care agreements, in accordance with the approved state plan for
22 services under 42 USC 1396a, with relief agencies that administer the medical relief
23 block grant under this chapter, if the department determines that the hospitals serve
24 a disproportionate number of low-income patients with special needs. If no medical
25 relief block grant under this chapter is awarded or if the allocation of funds to such

1 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department
2 may distribute funds to hospitals that have not entered into indigent care
3 agreements. The department may not distribute funds under this subsection to the
4 extent that the distribution would do any of the following:

5 **SECTION 24.** 49.45 (8) (b) of the statutes is amended to read:

6 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w) for home
7 health services provided by a certified home health agency or independent nurse
8 shall be made at the home health agency's or nurse's usual and customary fee per
9 patient care visit, subject to a maximum allowable fee per patient care visit that is
10 established under par. (c).

11 **SECTION 25.** 49.45 (24m) (intro.) of the statutes is amended to read:

12 49.45 (24m) (intro.) From the appropriation accounts under s. 20.435 (4) (b),
13 ~~(gp)~~, (o), and (w), in order to test the feasibility of instituting a system of
14 reimbursement for providers of home health care and personal care services for
15 medical assistance recipients that is based on competitive bidding, the department
16 shall:

17 **SECTION 26.** 49.45 (52) of the statutes is amended to read:

18 ~~49.45 (52)~~ PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the
19 department may, from the appropriation account under s. 20.435 (7) (b), make
20 Medical Assistance payment adjustments to county departments under s. 46.215,
21 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01
22 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and
23 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment
24 adjustments under this subsection shall include the state share of the payments.
25 The total of any payment adjustments under this subsection and Medical Assistance

1 payments made from appropriation accounts under s. 20.435 (4) (b), ~~(g)~~, (o), and (w),
2 may not exceed applicable limitations on payments under 42 USC 1396a (a) (30) (A).

3 **SECTION 27.** 49.45 (58) of the statutes is created to read:

INSECT
11-2

4 49.45 (58) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
5 department shall develop a methodology for calculating rate increases for inpatient
6 and outpatient hospital services in connection with the assessment imposed on
7 hospitals under s. 50.375. The methodology shall incorporate encounter data
8 provided by health maintenance organizations and information that the department
9 uses to calculate the capitated rates that the department pays health maintenance
10 organizations for providing services to recipients of medical assistance. The
11 department shall publicly disclose the methodology. The department shall review
12 the methodology at least once every 12 months.

13 (b) The department shall require, as a term of contracts with health
14 maintenance organizations to provide medical assistance services, that the health
15 maintenance organization do all of the following:

16 1. Make monthly prospective payments, calculated using the methodology
17 under par. (a), to hospitals that serve medical assistance recipients who are enrolled
18 in the health maintenance organization.

19 2. Calculate the amounts that result from applying the rate increases that are
20 derived using the methodology under par. (a) to services for recipients of medical
21 assistance for which hospitals submit claims to the health maintenance
22 organization.

23 3. Within 90 days after the end of each 6-month period, compare the amounts
24 that the health maintenance organization paid hospitals under subd. 1. for the
25 6-month period with the amounts calculated under subd. 2. for services provided

1 during that same period. If the amounts under subd. 2. exceed the amounts of the
2 payments under subd. 1., pay hospitals the difference within 90 days.

3 (c) If the amounts that a health maintenance organization paid hospitals under
4 par. (b) 1. for a 6-month period exceed the amounts calculated under par. (b) 2. for
5 services provided during the same period, hospitals shall pay the health
6 maintenance organization the difference within 90 days after the comparison of
7 amounts under par. (b) 3. is completed.

8 (d) If the department determines that a health maintenance organization has
9 not complied with a condition under par. (b), the department shall require the health
10 maintenance organization to comply with the condition within 15 days after the
11 department's determination. The department may terminate a contract with a
12 health maintenance organization for failure to comply with a condition under par.

13 (b). The department shall audit health maintenance organizations to determine
14 whether they have complied with the conditions under par. (b).

15 (e) If a health maintenance organization and hospital cannot resolve the
16 amount that a health maintenance organization owes a hospital under par. (b) 3. or
17 that a hospital owes a health maintenance organization under par. (c), and either the
18 health maintenance organization or the hospital, within 6 months after the end of
19 the time period to which the disputed amount relates, requests that the department
20 determine the amount owed, the department shall determine the amount within 90
21 days after the request is made. The health maintenance organization or hospital is,
22 upon request, entitled to a contested case hearing under ch. 227 on the department's
23 determination.

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

1 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
 2 under s. 20.435 (4) (b), ~~(gp)~~, or (w), the department shall, on the part of an individual
 3 who is eligible for medical assistance under sub. (3), pay premiums for or purchase
 4 individual coverage offered by the individual's employer if the department
 5 determines that paying the premiums for or purchasing the coverage will not be more
 6 costly than providing medical assistance.

7 **SECTION 29.** 49.472 (6) (b) of the statutes is amended to read:

8 49.472 (6) (b) If federal financial participation is available, from the
 9 appropriation account under s. 20.435 (4) (b), ~~(gp)~~, or (w), the department may pay
 10 medicare Part A and Part B premiums for individuals who are eligible for medicare
 11 and for medical assistance under sub. (3).

12 **SECTION 30.** 49.473 (5) of the statutes is amended to read:

13 49.473 (5) The department shall audit and pay, from the appropriation
 14 accounts under s. 20.435 (4) (b), ~~(gp)~~, and (o), allowable charges to a provider who is
 15 certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman who
 16 meets the requirements under sub. (2) for all benefits and services specified under
 17 s. 49.46 (2) *an annual*

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13-VI

18 **SECTION 31.** 50.375 of the statutes is created to read:

19 **50.375 Assessment.** (1) Except as provided in subs. (2) and (7), for the
 20 privilege of doing business in this state, there ~~are~~ imposed on each hospital
 21 assessments, based on the hospital's gross patient revenue, that each hospital shall
 22 pay by ~~June 1, 2008, for fiscal year 2007-08, and by September 1, 2008,~~ December
 23 1, ~~2008,~~ March 1, ~~2009,~~ and June 1, ~~2009.~~ The assessments shall be deposited into
 24 the hospital assessment fund.

quarterly
beginning with the payment due by September 1, 2008, except that the entire annual assessment for fiscal year 2007-08 shall be paid by June 1, 2008

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1 (2) At the discretion of the department, a hospital that is unable timely to make
2 a payment by a date specified under sub. (1) may be allowed to make a delayed
3 payment. A determination by the department that a hospital may not make a
4 delayed payment under this subsection is final and is not subject to review under ch.
5 227.

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

9 (4) The department shall verify the amount of each hospital's gross patient
10 revenue and shall determine the amount of the assessment owed by each hospital
11 based on a uniform rate that is applicable to total gross patient revenue that the
12 department estimates will yield the amounts specified in the appropriation schedule
13 under s. 20.005 (3) for the appropriation account^s under s. 20.435 (4) (xc) and ~~the~~
14 ~~amounts specified under 2007 Wisconsin Act 1. (this act), section 9221 (2).~~ (kd)

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

17 (6) If the department determines that any portion of the revenue collected
18 under sub. (5) to provide Medical Assistance program benefits and payment
19 increases for inpatient and outpatient hospital services as fee for service or through
20 health maintenance organizations or to support the Medical Assistance Program is
21 not eligible for federal financial participation, the department will refund that
22 amount of revenue to hospitals in proportion to each hospital's payment of the
23 assessment.

24 (7) This section does not apply to a critical access hospital, as defined in s. 50.33
25 (1g), or to an institution for mental diseases, as defined in s. 46.011 (1m).

1 (8) Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
2 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
3 subch. III of ch. 77, apply to the assessment under this section, except that the
4 amount of any assessment collected under sub. (1) shall be deposited in the hospital
5 assessment fund.

6 (9) By December 31, 2008, and by ^{every} December 31, ~~2009~~, ^{hereafter} the department shall
7 report to the joint committee on finance all of the following information for the
8 immediately previous state fiscal year:

9 (a) The total amount of assessments collected under this section.

10 (b) The total amount of assessments collected from each hospital under this
11 section.

12 (c) The total amounts that the department determines were paid to health
13 maintenance organizations for increased Medical Assistance payments to hospitals.

14 (d) The total amount of payments made to each hospital by health maintenance
15 organizations under s. 49.45 (58) (b) 1.

16 (e) The total amount of Medical Assistance payments made to each hospital and
17 the portion of the Medical Assistance capitated payments made to health
18 maintenance organizations for inpatient and outpatient hospital services from
19 appropriation accounts of general purpose revenues.

20 (f) The total amounts, including the amounts specified under par. (c), that the
21 department determines were paid to health maintenance organizations for Medical
22 Assistance payments to hospitals.

23 (g) The results of any audits conducted by the department under s. 49.45 (58)
24 concerning Medical Assistance payments and any actions taken by the department
25 as a result of such an audit.

1 ~~(10) This section does not apply after December 31, 2009.~~

2 SECTION 32. 146.99 of the statutes is repealed.

3 SECTION 9221. Fiscal changes; Health and Family Services.

4 (1) MEDICAL ASSISTANCE GENERAL PURPOSE REVENUE DECREASE. In the schedule
5 under section 20.005 (3) of the statutes for the appropriation to the department of
6 health and family services under section 20.435 (4) (b) of the statutes, as affected by
7 the acts of 2007, the dollar amount is decreased by \$60,000,000 for fiscal year
8 2007-08 and the dollar amount is decreased by \$62,500,000 for fiscal year 2008-09
9 for the purposes for which the appropriation is made.

10 (2) HOSPITAL ASSESSMENT FUND TRANSFER. The department of administration
11 shall transfer from the hospital assessment fund to the Medical Assistance trust
12 fund \$58,500,000 in fiscal year 2007-08 and \$65,000,000 in fiscal year 2008-09, as
13 adjusted, if necessary, to comply with section 50.375 (6) of the statutes, as created by
14 this act.

15 (3) MEDICAL ASSISTANCE TRUST FUND APPROPRIATION INCREASE. In the schedule
16 under section 20.005 (3) of the statutes for the appropriation to the department of
17 health and family services under section 20.435 (4) (w) of the statutes, as affected by
18 the acts of 2007, the dollar amount is increased by \$58,500,000 for fiscal year
19 2007-08 and the dollar amount is increased by \$65,000,000 for fiscal year 2008-09
20 for the purposes for which the appropriation is made.

CPs: LRB-4081/3 DAK&RLR:bk:jf Note: from 13 version

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 these payments made to each hospital by HMOs; (5) the total amount of these payments made to each hospital and the portion of the capitated payments made to HMOs for inpatient and outpatient hospital services from general purpose revenues; (6) the total amounts, including amounts under (3), that DHFS determines were paid to HMOs for MA payments to hospitals; and (7) the results of any audits conducted by DHFS concerning these payments to HMOs and any actions taken by DHFS as the result of such an audit.

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:

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 accounts under s. 20.435 (4) (xc) or (xd) to another
4 appropriation account.

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

			2007-08	2008-09
7				
8	20.435 Health and family services, department			
9	of			
10	(4) HEALTH SERVICES PLANNING; REG & DELIVERY; HLTH			
11	CARE FIN; OTHER SUPPORT PGMS			
12	(xc) Hospital assessment fund; hospi-			
13	tal payments and refunds	SEG B	147,032,800	149,226,000
14	(xd) Hospital assessment fund; Medi-			
15	cal Assistance program benefits	SEG B	58,500,000 60,000,000	65,000,000

End of INS 4-7

INSERT 4-16

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

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

3 20.435 (4) (xc) *Hospital assessment fund; hospital payments and refunds.*

4 Biennially, from the medical assessment trust fund, the amounts in the schedule for
5 increased payments and refunds to hospitals and for higher capitated payment rates
6 under s. 49.45 (58) (a), as the Medical Assistance nonfederal share, in order to
7 increase payment rates in excess of the aggregate inpatient and outpatient hospital
8 payment rates in effect in fiscal year 2006-07 for services provided by hospitals
9 under the Medical Assistance program administered under subch. IV of ch. 49.

10 SECTION 5. 20.435 (4) (xd) of the statutes is created to read:

11 20.435 (4) (xd) *Hospital assessment fund; Medical Assistance program benefits.*

12 Biennially, from the hospital assessment fund, the amounts in the schedule to
13 provide a portion of the state share of Medical Assistance program benefits
14 administered under subch. IV of ch. 49.

15 SECTION 6. 25.17 (1) (gs) of the statutes is created to read:

16 25.17 (1) (gs) *Hospital assessment fund (s. 25.772);*

17 SECTION 7. 25.772 of the statutes is created to read:

18 **25.772 Hospital assessment fund.** There is established a separate
19 nonlapsible trust fund designated as the hospital assessment fund, to consist of all
20 moneys received under s. 50.375 from assessments on hospitals.

INSERT 7-12

21 SECTION 8. 46.27 (9) (a) of the statutes is amended to read:

22 46.27 (9) (a) The department may select up to 5 counties that volunteer to
23 participate in a pilot project under which they will receive certain funds allocated for
24 long-term care. The department shall allocate a level of funds to these counties
25 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), (gp), or (w).



INSERT 7-12 (cont.)

1 or (xd), to nursing homes for providing care because of increased utilization of
2 nursing home services, as estimated by the department. In estimating these levels,
3 the department shall exclude any increased utilization of services provided by state
4 centers for the developmentally disabled. The department shall calculate these
5 amounts on a calendar year basis under sub. (10).

6 SECTION ~~9~~ 46.27 (10) (a) 1. of the statutes is amended to read:

7 46.27 (10) (a) 1. The department shall determine for each county participating
8 in the pilot project under sub. (9) a funding level of state medical assistance
9 expenditures to be received by the county. This level shall equal the amount that the
10 department determines would otherwise be paid under s. 20.435 (4) (b), ~~(gp)~~, or (w),
11 or (xd), or because of increased utilization of nursing home services, as estimated by
12 the department.

13 SECTION ~~10~~ 46.275 (5) (a) of the statutes is amended to read:

14 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the
15 department under sub. (3r), provides under this program is available from the
16 appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd). If 2 or more
17 counties jointly contract to provide services under this program and the department
18 approves the contract, Medical Assistance reimbursement is also available for
19 services provided jointly by these counties.

20 SECTION ~~11~~ 46.275 (5) (c) of the statutes is amended to read:

21 46.275 (5) (c) The total allocation under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and
22 (xd) to counties and to the department under sub. (3r) for services provided under
23 this section may not exceed the amount approved by the federal department of health
24 and human services. A county may use funds received under this section only to
25 provide services to persons who meet the requirements under sub. (4) and may not



INSERT 7-12 (cont.)

1 use unexpended funds received under this section to serve other developmentally
2 disabled persons residing in the county.

3 SECTION ~~12~~ 46.283 (5) of the statutes is amended to read:

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

9 SECTION ~~13~~ 46.284 (5) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
10 is amended to read:

11 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), ~~(gp)~~,
12 (im), (o), and (w), and (xd) and (7) (b), (bd), and (g), the department shall provide
13 funding on a capitated payment basis for the provision of services under this section.
14 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is
15 under contract with the department may expend the funds, consistent with this
16 section, including providing payment, on a capitated basis, to providers of services
17 under the family care benefit.

18 SECTION ~~14~~ 46.485 (2g) (intro.) of the statutes is amended to read:

19 46.485 (2g) (intro.) From the appropriation accounts under s. 20.435 (4) (b) and
20 ~~(gp)~~ (xd), the department may in each fiscal year transfer funds to the appropriation
21 under s. 20.435 (7) (kb) for distribution under this section and from the appropriation
22 account under s. 20.435 (7) (mb) the department ~~may not~~ shall distribute ~~more than~~
23 \$1,330,500 in each fiscal year to applying counties in this state that meet all of the
24 following requirements, as determined by the department:

25 SECTION ~~15~~ 49.45 (2) (a) 17. of the statutes is amended to read:



10/2 7-12 (cont.)

1 49.45 (2) (a) 17. Notify the governor, the joint committee on legislative
2 organization, the joint committee on finance and appropriate standing committees,
3 as determined by the presiding officer of each house, if the appropriation accounts
4 under s. 20.435 (4) (b) and ~~(gp)~~ (xd) are insufficient to provide the state share of
5 medical assistance. End of INSERT 7-12

6 SECTION 16. 49.45 (5m) (ag) of the statutes is repealed.

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

8 49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
9 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall distribute not more
10 than \$2,256,000 in each fiscal year, to provide supplemental funds to rural hospitals
11 that, as determined by the department, have high utilization of inpatient services by
12 patients whose care is provided from governmental sources, and to provide
13 supplemental funds to critical access hospitals, except that the department may not
14 distribute funds to a rural hospital or to a critical access hospital to the extent that
15 the distribution would exceed any limitation under 42 USC 1396b (i) (3).

16 SECTION 18. 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

17 49.45 (6m) (ag) (intro.) Payment for care provided in a facility under this
18 subsection made under s. 20.435 (4) (b), ~~(gp)~~, (o), (pa), or (w), or (xd) shall, except as
19 provided in pars. (bg), (bm), and (br), be determined according to a prospective
20 payment system updated annually by the department. The payment system shall
21 implement standards that are necessary and proper for providing patient care and
22 that meet quality and safety standards established under subch. II of ch. 50 and ch.

23 150. The payment system shall reflect all of the following:

24 SECTION 19. 49.45 (6v) (b) of the statutes is amended to read:
INSERT ~~11-2~~ 11-2

INS ~~FO-2~~ (cont.)

1 49.45 (6v) (b) The department shall, each year, submit to the joint committee
2 on finance a report for the previous fiscal year, except for the 1997-98 fiscal year, that
3 provides information on the utilization of beds by recipients of medical assistance in
4 facilities and a discussion and detailed projection of the likely balances,
5 expenditures, encumbrances and carry over of currently appropriated amounts in
6 the appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, and (o), and (xd).

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

8 49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
9 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd), the department shall distribute not
10 more than \$4,748,000 in each fiscal year, to provide funds to an essential access city
11 hospital, except that the department may not allocate funds to an essential access
12 city hospital to the extent that the allocation would exceed any limitation under 42
13 USC 1396b (i) (3).

14 SECTION 21. 49.45 (6y) (a) of the statutes is amended to read:

15 49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
16 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd), the department shall may
17 distribute funding in each fiscal year to provide supplemental payment to hospitals
18 that enter into a contract under s. 49.02 (2) to provide health care services funded
19 by a relief block grant, as determined by the department, for hospital services that
20 are not in excess of the hospitals' customary charges for the services, as limited under
21 42 USC 1396b (i) (3). If no relief block grant is awarded under this chapter or if the
22 allocation of funds to such hospitals would exceed any limitation under 42 USC
23 1396b (i) (3), the department may distribute funds to hospitals that have not entered
24 into a contract under s. 49.02 (2).

25 SECTION 22. 49.45 (6y) (am) of the statutes is amended to read:

INS ¹¹⁻² ~~10-17~~ (cont.)

1 49.45 (6y) (am) Notwithstanding sub. (3) (e), from the appropriation accounts
2 under s. 20.435 (4) (b), (h), ~~(gp)~~, (o), and (w), and (xd), the department shall distribute
3 funding in each fiscal year to provide supplemental payments to hospitals that enter
4 into contracts under s. 49.02 (2) with a county having a population of 500,000 or more
5 to provide health care services funded by a relief block grant, as determined by the
6 department, for hospital services that are not in excess of the hospitals' customary
7 charges for the services, as limited under 42 USC 1396b (i) (3).

8 **SECTION 23.** 49.45 (6z) (a) (intro.) of the statutes, as affected by 2007 Wisconsin
9 Act 20, is amended to read:

10 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
11 accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd), the department may
12 distribute funding in each fiscal year to supplement payment for services to hospitals
13 that enter into indigent care agreements, in accordance with the approved state plan
14 for services under 42 USC 1396a, with relief agencies that administer the medical
15 relief block grant under this chapter, if the department determines that the hospitals
16 serve a disproportionate number of low-income patients with special needs. If no
17 medical relief block grant under this chapter is awarded or if the allocation of funds
18 to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
19 department may distribute funds to hospitals that have not entered into indigent
20 care agreements. The department may not distribute funds under this subsection
21 to the extent that the distribution would do any of the following:

22 **SECTION 24.** 49.45 (8) (b) of the statutes is amended to read:

23 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd)
24 for home health services provided by a certified home health agency or independent
25 nurse shall be made at the home health agency's or nurse's usual and customary fee

INS 11-2
~~DAK~~ (cont.)

1 per patient care visit, subject to a maximum allowable fee per patient care visit that
2 is established under par. (c).

3 SECTION 25. 49.45 (24m) (intro.) of the statutes is amended to read:

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

9 SECTION 26. 49.45 (52) of the statutes is amended to read:

10 49.45 (52) PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the
11 department may, from the appropriation account under s. 20.435 (7) (b), make
12 Medical Assistance payment adjustments to county departments under s. 46.215,
13 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01
14 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and
15 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment
16 adjustments under this subsection shall include the state share of the payments.
17 The total of any payment adjustments under this subsection and Medical Assistance
18 payments made from appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w),
19 and (xd) may not exceed applicable limitations on payments under 42 USC 1396a (a)
20 (30) (A).

21 SECTION 27. 49.45 (58) of the statutes is created to read:

22 49.45 (58) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
23 department shall establish a schedule of amounts that each health maintenance
24 organization that contracts with the department to provide medical assistance
25 services or services under s. 49.665 for a capitated payment rate shall pay monthly

INSERT ~~13-1~~

1 SECTION ~~28~~ 49.472 (6) (a) of the statutes is amended to read:

2 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
3 under s. 20.435 (4) (b), ~~(gp), or (w), or (xd)~~, the department shall, on the part of an
4 individual who is eligible for medical assistance under sub. (3), pay premiums for or
5 purchase individual coverage offered by the individual's employer if the department
6 determines that paying the premiums for or purchasing the coverage will not be more
7 costly than providing medical assistance.

8 SECTION ~~29~~ 49.472 (6) (b) of the statutes is amended to read:

9 49.472 (6) (b) If federal financial participation is available, from the
10 appropriation account under s. 20.435 (4) (b), ~~(gp), or (w), or (xd)~~, the department may
11 pay medicare Part A and Part B premiums for individuals who are eligible for
12 medicare and for medical assistance under sub. (3).

13 SECTION ~~30~~ 49.473 (5) of the statutes is amended to read:

14 49.473 (5) The department shall audit and pay, from the appropriation
15 accounts under s. 20.435 (4) (b), ~~(gp), and (o), and (xd)~~, allowable charges to a provider
16 who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman
17 who meets the requirements under sub. (2) for all benefits and services specified
18 under s. 49.46 (2).

~~END INSERT 13-1~~

19 SECTION ~~31~~ 50.375 of the statutes is created to read:

20 50.375 Assessment. (1) Except as provided in subs. (2) and (7), for the
21 privilege of doing business in this state, there is imposed on each hospital an annual
22 assessment, based on the hospital's gross patient revenue, that each hospital shall
23 pay quarterly by September 1, December 1, March 1, and June 1 of each year,
24 beginning with the payment due by September 1, 2008, except that the entire annual



INSERT 14-1 (cont.)

1 assessment for fiscal year 2007-08 shall be paid by June 1, 2008. The assessments
2 shall be deposited into the hospital assessment fund. (End of INSERT 14-1)

3 (2) At the discretion of the department, a hospital that is unable timely to make
4 a payment by a date specified under sub. (1) may be allowed to make a delayed
5 payment. A determination by the department that a hospital may not make a
6 delayed payment under this subsection is final and is not subject to review under ch.
7 227.

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

11 (4) The department shall verify the amount of each hospital's gross patient
12 revenue and shall determine the amount of the assessment owed by each hospital
13 based on a uniform rate that is applicable to total gross patient revenue that the
14 department estimates will yield the amounts specified in the appropriation schedule
15 under s. 20.005 (3) for the appropriation accounts under s. 20.435 (4) (xc) and (xd).

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

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

23 (7) This section does not apply to a critical access hospital, as defined in s. 50.33
24 (1g), or to an institution for mental diseases, as defined in s. 46.011 (1m).



State of Wisconsin
LEGISLATIVE REFERENCE BUREAU

RESEARCH APPENDIX -
PLEASE DO NOT REMOVE FROM DRAFTING FILE

Date Transfer Requested: 05/21/2008 (Per: CMH)

☛ Compile Draft – Appendix L

... Part 01 of 01 ...

- | | |
|---|---|
| A ☛ The 2007 drafting file for LRB-3832 | G ☛ The 2007 drafting file for LRB-4296 |
| B ☛ The 2007 drafting file for LRB-4188 | H ☛ The 2007 drafting file for LRB-4297 |
| C ☛ The 2007 drafting file for LRB-4292 | I ☛ The 2007 drafting file for LRB-4298 |
| D ☛ The 2007 drafting file for LRB-4293 | J ☛ The 2007 drafting file for LRB-4299 |
| E ☛ The 2007 drafting file for LRB-4294 | K ☛ The 2007 drafting file for LRB-4300 |
| F ☛ The 2007 drafting file for LRB-4295 | L ☛ The 2007 drafting file for LRB-4301 |

2007 LRB-4301 has been copied/added to the drafting file for

2007 LRBb1275

(SA 1 to AB 1) (Mr8)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-4301/P1
DAK&RLR:bk/cs/kf:jf

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT** ...; relating to: the budget adjustment bill.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a later version.

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

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

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

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

1 2007-08 2008-09

2 **20.435 Health and family services, department**
3 **of**

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

6 (xc) Hospital assessment fund; hospi-
7 tal payments and refunds SEG B 145,032,800 147,726,500

8 (xd) Hospital assessment fund; Medi-
9 cal Assistance program benefits SEG B 58,500,000 65,000,000

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

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

12 20.435 (4) (xc) *Hospital assessment fund; hospital payments and refunds.*

13 Biennially, from the medical assessment trust fund, the amounts in the schedule for
14 increased payments and refunds to hospitals and for higher capitated payment rates
15 under s. 49.45 (58) (a), as the Medical Assistance nonfederal share, in order to
16 increase payment rates in excess of the aggregate inpatient and outpatient hospital
17 payment rates in effect in fiscal year 2006-07 for services provided by hospitals
18 under the Medical Assistance program administered under subch. IV of ch. 49.

19 **SECTION 5.** 20.435 (4) (xd) of the statutes is created to read:

20 20.435 (4) (xd) *Hospital assessment fund; Medical Assistance program benefits.*

21 Biennially, from the hospital assessment fund, the amounts in the schedule to
22 provide a portion of the state share of Medical Assistance program benefits
23 administered under subch. IV of ch. 49.

24 **SECTION 6.** 25.17 (1) (gs) of the statutes is created to read:

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

2 **SECTION 7.** 25.772 of the statutes is created to read:

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

6 **SECTION 8.** 46.27 (9) (a) of the statutes is amended to read:

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

16 **SECTION 9.** 46.27 (10) (a) 1. of the statutes is amended to read:

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

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

24 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the
25 department under sub. (3r), provides under this program is available from the

1 appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), ~~and (w)~~, and (xd). If 2 or more
2 counties jointly contract to provide services under this program and the department
3 approves the contract, Medical Assistance reimbursement is also available for
4 services provided jointly by these counties.

5 **SECTION 11.** 46.275 (5) (c) of the statutes is amended to read:

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

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

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

19 **SECTION 13.** 46.284 (5) (a) of the statutes, as affected by 2007 Wisconsin Act 20,
20 is amended to read:

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

1 section, including providing payment, on a capitated basis, to providers of services
2 under the family care benefit.

3 SECTION 14. 46.485 (2g) (intro.) of the statutes is amended to read:

4 46.485 (2g) (intro.) From the appropriation accounts under s. 20.435 (4) (b) and
5 ~~(gp)~~ (xd), the department may in each fiscal year transfer funds to the appropriation
6 under s. 20.435 (7) (kb) for distribution under this section and from the appropriation
7 account under s. 20.435 (7) (mb) the department ~~may not~~ shall distribute more than
8 \$1,330,500 in each fiscal year to applying counties in this state that meet all of the
9 following requirements, as determined by the department:

10 SECTION 15. 49.45 (2) (a) 17. of the statutes is amended to read:

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

16 SECTION 16. 49.45 (5m) (ag) of the statutes is repealed.

17 SECTION 17. 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), and (xd), the department shall distribute not
20 more than ~~\$2,256,000~~ \$5,256,000 in each fiscal year 2007-08 and each fiscal year
21 thereafter, to provide supplemental funds to rural hospitals that, as determined by
22 the department, have high utilization of inpatient services by patients whose care
23 is provided from governmental sources, ~~and to provide supplemental funds to critical~~
24 ~~access hospitals~~, except that the department may not distribute funds to a rural

1 hospital ~~or to a critical access hospital~~ to the extent that the distribution would
2 exceed any limitation under 42 USC 1396b (i) (3).

3 **SECTION 18.** 49.45 (6m) (ag) (intro.) of the statutes, as affected by 2007
4 Wisconsin Act 97, is amended to read:

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

12 **SECTION 19.** 49.45 (6v) (b) of the statutes is amended to read:

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

19 **SECTION 20.** 49.45 (6x) (a) of the statutes is amended to read:

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

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

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

12 **SECTION 22.** 49.45 (6y) (am) of the statutes is amended to read:

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

20 **SECTION 23.** 49.45 (6z) (a) (intro.) of the statutes, as affected by 2007 Wisconsin
21 Act 20, is amended to read:

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

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

9 **SECTION 24.** 49.45 (8) (b) of the statutes is amended to read:

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

15 **SECTION 25.** 49.45 (24m) (intro.) of the statutes is amended to read:

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

21 **SECTION 26.** 49.45 (52) of the statutes is amended to read:

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

1 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and
2 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment
3 adjustments under this subsection shall include the state share of the payments.
4 The total of any payment adjustments under this subsection and Medical Assistance
5 payments made from appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w),
6 and (xd) may not exceed applicable limitations on payments under 42 USC 1396a (a)
7 (30) (A).

8 SECTION 27. 49.45 (58) of the statutes is created to read:

9 49.45 (58) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
10 department shall develop a methodology for calculating rate increases for inpatient
11 and outpatient hospital services in connection with the assessment imposed on
12 hospitals under s. 50.375. The methodology shall incorporate encounter data
13 provided by health maintenance organizations and information that the department
14 uses to calculate the capitated rates that the department pays health maintenance
15 organizations for providing services to recipients of medical assistance. The
16 department shall publicly disclose the methodology. The department shall review
17 the methodology at least once every 12 months.

18 (b) The department shall require, as a term of contracts with health
19 maintenance organizations to provide medical assistance services, that the health
20 maintenance organization do all of the following:

21 1. Make monthly prospective payments, calculated using the methodology
22 under par. (a), to hospitals that serve medical assistance recipients who are enrolled
23 in the health maintenance organization.

24 2. Calculate the amounts that result from applying the rate increases that are
25 derived using the methodology under par. (a) to services for recipients of medical

1 assistance for which hospitals submit claims to the health maintenance
2 organization.

3 3. Within 90 days after the end of each 6-month period, compare the amounts
4 that the health maintenance organization paid hospitals under subd. 1. for the
5 6-month period with the amounts calculated under subd. 2. for services provided
6 during that same period. If the amounts under subd. 2. exceed the amounts of the
7 payments under subd. 1., pay hospitals the difference within 90 days.

8 (c) If the amounts that a health maintenance organization paid hospitals under
9 par. (b) 1. for a 6-month period exceed the amounts calculated under par. (b) 2. for
10 services provided during the same period, hospitals shall pay the health
11 maintenance organization the difference within 90 days after the comparison of
12 amounts under par. (b) 3. is completed.

13 (d) If the department determines that a health maintenance organization has
14 not complied with a condition under par. (b), the department shall require the health
15 maintenance organization to comply with the condition within 15 days after the
16 department's determination. The department may terminate a contract with a
17 health maintenance organization for failure to comply with a condition under par.
18 (b). The department shall audit health maintenance organizations to determine
19 whether they have complied with the conditions under par. (b).

20 (e) If a health maintenance organization and hospital cannot resolve the
21 amount that a health maintenance organization owes a hospital under par. (b) 3. or
22 that a hospital owes a health maintenance organization under par. (c), and either the
23 health maintenance organization or the hospital, within 6 months after the end of
24 the time period to which the disputed amount relates, requests that the department
25 determine the amount owed, the department shall determine the amount within 90

1 days after the request is made. The health maintenance organization or hospital is,
2 upon request, entitled to a contested case hearing under ch. 227 on the department's
3 determination.

4 **SECTION 28.** 49.472 (6) (a) of the statutes is amended to read:

5 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
6 under s. 20.435 (4) (b), ~~(gp), or (w), or (xd)~~, the department shall, on the part of an
7 individual who is eligible for medical assistance under sub. (3), pay premiums for or
8 purchase individual coverage offered by the individual's employer if the department
9 determines that paying the premiums for or purchasing the coverage will not be more
10 costly than providing medical assistance.

11 **SECTION 29.** 49.472 (6) (b) of the statutes is amended to read:

12 49.472 (6) (b) If federal financial participation is available, from the
13 appropriation account under s. 20.435 (4) (b), ~~(gp), or (w), or (xd)~~, the department may
14 pay medicare Part A and Part B premiums for individuals who are eligible for
15 medicare and for medical assistance under sub. (3).

16 **SECTION 30.** 49.473 (5) of the statutes is amended to read:

17 49.473 (5) The department shall audit and pay, from the appropriation
18 accounts under s. 20.435 (4) (b), ~~(gp), and (o), and (xd)~~, allowable charges to a provider
19 who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman
20 who meets the requirements under sub. (2) for all benefits and services specified
21 under s. 49.46 (2).

22 **SECTION 31.** 50.375 of the statutes is created to read:

23 **50.375 Assessment.** (1) Except as provided in subs. (2) and (7), for the
24 privilege of doing business in this state, there is imposed on each hospital an annual
25 assessment, based on the hospital's gross patient revenue, that each hospital shall

1 pay quarterly by September 1, December 1, March 1, and June 1 of each year,
2 beginning with the payment due by September 1, 2008, except that the entire annual
3 assessment for fiscal year 2007-08 shall be paid by June 1, 2008. The assessments
4 shall be deposited into the hospital assessment fund.

5 (2) At the discretion of the department, a hospital that is unable timely to make
6 a payment by a date specified under sub. (1) may be allowed to make a delayed
7 payment. A determination by the department that a hospital may not make a
8 delayed payment under this subsection is final and is not subject to review under ch.
9 227.

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

13 (4) The department shall verify the amount of each hospital's gross patient
14 revenue and shall determine the amount of the assessment owed by each hospital
15 based on a uniform rate that is applicable to total gross patient revenue that the
16 department estimates will yield the amounts specified in the appropriation schedule
17 under s. 20.005 (3) for the appropriation accounts under s. 20.435 (4) (xc) and (xd).

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

20 (6) If the department determines that any portion of the revenue collected
21 under sub. (5) to provide Medical Assistance program benefits and payment
22 increases for inpatient and outpatient hospital services as fee for service or through
23 health maintenance organizations or to support the Medical Assistance Program is
24 not eligible for federal financial participation, the department will refund that

1 amount of revenue to hospitals in proportion to each hospital's payment of the
2 assessment.

3 (7) This section does not apply to a critical access hospital, as defined in s. 50.33
4 (1g), or to an institution for mental diseases, as defined in s. 46.011 (1m).

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

10 (9) By December 31, 2008, and by every December 31 thereafter, the
11 department shall report to the joint committee on finance all of the following
12 information for the immediately previous state fiscal year:

13 (a) The total amount of assessments collected under this section.

14 (b) The total amount of assessments collected from each hospital under this
15 section.

16 (c) The total amounts that the department determines were paid to health
17 maintenance organizations for increased Medical Assistance payments to hospitals.

18 (d) The total amount of payments made to each hospital by health maintenance
19 organizations under s. 49.45 (58) (b) 1.

20 (e) The total amount of Medical Assistance payments made to each hospital and
21 the portion of the Medical Assistance capitated payments made to health
22 maintenance organizations for inpatient and outpatient hospital services from
23 appropriation accounts of general purpose revenues.

