

1999 DRAFTING REQUEST

Bill

Received: **09/22/98**

Received By: **yacketa**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Geisler**

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

Drafter: **kenneda**

May Contact: **Victoria Agnew-Lyon, DHFS**

Alt. Drafters:

Subject: **Public Assistance - med. assist.**

Extra Copies: **TAY**

Topic:

DOA:.....Geisler - Critical access hospitals

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>
/?	yacketa 10/19/98			_____			
/1	kenneda 10/20/98	gilfokm 10/20/98	martykr 10/22/98	_____	lrb_docadmin 10/22/98		S&L
/2	kenneda 12/26/98 kenneda 02/2/99	gilfokm 12/26/98 gilfokm 02/2/99	ismith 12/28/98	_____	lrb_docadmin 12/28/98		S&L
/3			jfrantze 02/3/99	_____	lrb_docadmin 02/3/99		

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/2	kenneda 12/26/98	gilfokm 12/26/98	ismith 12/28/98	_____	lrb_docadmin 12/28/98		

FE Sent For: *13-2-99 kmg* *JG/2* *JG/cmh*
2/3
 <END>

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/?	yacketa 10/19/98			_____			
/1	kenneda 10/20/98	gilfokm 10/20/98	martykr 10/22/98	_____	lrb_docadmin 10/22/98		
FE Sent For:		<i>12-12-26 King</i>	<i>IS 12/28</i>	<i>IS/KM 12/28</i>			<END>

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May Contact: **Victoria Agnew-Lyon, DHFS**

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Extra Copies: **TAY**

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1?	yacketa 10/19/98 kenneda	1-10-20 King	Am 10/21	25 10 Am 21			

FE Sent For:

<END>

1999 DRAFTING REQUEST

Bill

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Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget**

By/Representing: **Geisler**

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

Drafter: **yacketa**

May Contact: **Victoria Agnew-Lyon, DHFS**

Alt. Drafters:

Subject: **Health - miscellaneous**

Extra Copies: **DAK, DHFS**

Topic:

DOA:.....Geisler - Critical access hospitals

Instructions:

See Attached

priority: high

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>
/?	yacketa			_____			

FE Sent For:

<END>

DHFS

**Department of Health and Family Services
1997-99 Biennial Budget Statutory Language Request
September 14, 1998**

Topic: Critical Access Hospitals

Current Language

Under the current Medicaid s. 49.45 (5m), certain qualifying rural hospitals are eligible for an adjustment to their inpatient and outpatient Medicaid payments.

Proposed Change

Amend s. 49.45 (5m) to include a definition of critical access hospitals (CAH) as hospitals designated by the Department as meeting the federal Medicare requirements for such hospitals and specify that CAHs are eligible for funding under this section.

Effect of the Change

Critical access hospitals, as well as rural hospitals meeting the requirements under 49.45 (5m), would be eligible for payments under 49.45 (5m).

Rationale for the Change

1. Competitive market forces and the spread of managed care in recent years have threatened the availability of health care services in some rural areas of Wisconsin. In particular, greatly reduced use of inpatient care at hospitals in rural areas is making it increasingly difficult for rural hospitals to survive financially. Most of the state's rural hospitals facing financial difficulties are located in western and northern Wisconsin. Many of these hospitals serve health care professional shortage areas (HPSAs) and some are located in popular tourist destinations.
2. The federal Balanced Budget Act of 1997 (BBA) created a new Medicare Rural Hospital Flexibility Program. The Wisconsin Rural Health Plan identifies 33 Wisconsin hospitals

that would be potentially eligible for the Medicare CAH. The State's 1997-99 Budget Adjustment Bill included provisions that define a critical access hospital and that modify the definition of a hospital to include critical access hospitals in s. 50.33 (1g).

3. A CAH is a small acute care facility that provides outpatient, emergency and short-term inpatient services. In general, the CAH designation is designed to allow rural hospitals the flexibility to phase-down staffing and services while preserving access to health services in rural communities. To be eligible as a CAH, a facility must:
 - a) be located in a non-metropolitan area or county;
 - b) have a current agreement to participate in Medicare;
 - c) be located more than a 35-mile drive (or a 15-mile drive in mountainous terrain or in areas with only secondary roads available) from any other hospital or CAH;
 - d) make available 24-hour emergency care services;
 - e) provide not more than 15 beds for acute inpatient care (or no more than 25 beds for facilities with swing-beds)
 - f) keep each inpatient for no longer than 96 hours (with certain limited exceptions);
 - g) meet CAH staffing requirements; and
 - h) have an agreement with one or more network hospitals or a full-time hospital.
4. Under the current rural hospital adjustment in Wisconsin's Medicaid State Plan, hospitals that meet certain qualifying criteria are eligible for an adjustment to their inpatient and outpatient Medicaid payments. To be eligible for adjustments, hospitals must be located in a rural area (an area that is not a HCFA defined metropolitan statistical area and has been assigned Wisconsin Medicaid's rural area wage index), have been classified by Medicare as being in a rural wage area as of January 1, 1991, and have a combined Medicaid and Medicare utilization rate of at least 55%. Annually, approximately 63 hospitals receive a total of \$947,000 GPR (\$2.3 million all funds) for the inpatient adjustment and approximately 38 hospitals receive a total of \$494,000 GPR (\$1.2 million all funds) for the outpatient adjustment.
5. Based on the most recent information available, 30 (91%) of the 33 potential Medicare CAHs in Wisconsin qualify for the current Medicaid inpatient rural adjustment, while 23 (70%) qualify for the outpatient rural adjustment. Over 60% of the hospitals that receive the inpatient rural adjustment receive Medicaid payments that exceed the hospital's cost of providing services to Medicaid patients. The remaining 40% generally receive 75-95% of their costs. For hospitals that receive the outpatient rural adjustment, approximately two-thirds of them receive over 60% of their costs. Therefore, the establishment of a CAH designation for MA that would grant reasonable cost reimbursement would not provide an additional benefit to most hospitals that receive the current inpatient rural adjustment, but would benefit hospitals on an outpatient basis.
6. Although the number of hospitals that would convert to a CAH is unknown, it is likely that only a portion of the 33 hospitals currently identified as potential applicants would convert to CAH status. The 12 hospitals most likely to apply have an estimated daily census of up to five inpatients.

Desired Effective Date: Upon passage
Agency: DHFS
Agency Contact: Victoria Agnew-Lyon
Phone: 266-5422



SOON
State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0264/1

DAK... King

DOA:.....Geisler – Critical access hospitals

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

Print
w/line #15

Don't
Gen Cat.

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

PUBLIC ASSISTANCE

Currently, each fiscal year the department of health and family services (DHFS) must distribute up to \$2,256,000 of medical assistance moneys as supplements to rural hospitals that, compared to other rural hospitals, have a high utilization of inpatient services by persons whose care is provided from governmental sources.

This bill authorizes DHFS also to distribute the supplements of medical assistance moneys to critical access hospitals that, in comparison with other critical access hospitals, also have high inpatient service utilization by patients eligible for governmentally funded care. The bill defines a "critical access hospital" as a hospital that DHFS determines meets specific federal medical assistance requirements and has specific federal certification.



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

SECTION 1. 49.45 (5m) (a) of the statutes is renumbered 49.45 (5m) (am) and amended to read:

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

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293.

SECTION 2. 49.45 (5m) (a) of the statutes is created to read:

49.45 (5m) (a) In this subsection, “critical access hospital” has the meaning given in s. 50.33 (1g). ✓

SECTION 3. 49.45 (5m) (b) of the statutes is amended to read:

49.45 (5m) (b) The supplemental funding under par. ~~(e)~~ ^(am) shall be based on the utilization, by recipients of medical assistance, of the total inpatient days of a rural hospital in relation to that utilization in other rural hospitals or of a critical access hospital in relation to that utilization in other critical access hospitals.

History: 1971 c. 40 s. 93; 1971 c. 42, 125; 1971 c. 213 s. 5; 1971 c. 215, 217, 307; 1973 c. 62, 90, 147; 1973 c. 333 ss. 106g, 106h, 106j, 201w; 1975 c. 39; 1975 c. 223 s. 28; 1975 c. 224 ss. 54h, 56 to 59m; 1975 c. 383 s. 4; 1975 c. 411; 1977 c. 29, 418; 1979 c. 34 ss. 837f to 838, 2102 (20) (a); 1979 c. 102, 177, 221, 355; 1981 c. 20 ss. 839 to 854, 2202 (20) (r); 1981 c. 93, 317; 1983 a. 27 ss. 1046 to 1062m, 2200 (42); 1983 a. 245, 447, 527; 1985 a. 29 ss. 1026m to 1031d, 3200 (23), (56), 3202 (27); 1985 a. 120, 176, 269; 1985 a. 332 ss. 91, 251 (5), 253; 1985 a. 340; 1987 a. 27 ss. 989r to 1000s, 2247, 3202 (24); 1987 a. 186, 307, 339, 399; 1987 a. 403 s. 256; 1987 a. 413; 1989 a. 6; 1989 a. 31 ss. 1402 to 1452g, 2909g, 2909i; 1989 a. 107, 173, 310, 336, 351, 359; 1991 a. 22, 39, 80, 250, 269, 315, 316; 1993 a. 16 ss. 1362g to 1403, 3883; 1993 a. 27, 107, 112, 183, 212, 246, 269, 335, 356, 437, 446, 469; 1995 a. 20; 1995 a. 27 ss. 2947 to 3002r, 7299, 9126 (19), 9130 (4), 9145 (1); 1995 a. 191, 216, 225, 289, 303, 398, 417, 457; 1997 a. 3, 13, 27, 114, 175, 191, 237, 252, 293.

(END)

Kennedy, Debora

From: Geisler, Jeffrey [jeffrey.geisler@doa.state.wi.us]
Sent: Friday, December 11, 1998 2:37 PM
To: Kennedy, Debora
Subject: FW: lrb draft 0264/1, critical access hospitals

Debora,
These changes seem reasonable to me.
DHFS says:

=====

We would suggest changing the draft so that

in 49.45(5m)(am) the phrase "that...have high utilization of inpatient services" be moved so that it only applies to "rural hospitals" and so critical access hospitals qualify simply by their status as critical access hospitals.

In 49.45(5m)(b) the language again needs to specify that critical access hospitals qualify simply by their critical access hospitals status, not by comparative utilization rates.

=====

Please make these changes.
thanks

Jeffrey A. Geisler
267-7980
DOA State Budget Office

> -----Original Message-----
> From: Agnew-Lyon, Victoria
> Sent: Friday, December 11, 1998 8:49 AM
> To: Geisler, Jeffrey
> Cc: *Russell Pederson; *Cheryl McIlquham; Bove, Fredi-Ellen; Bormett, Michael
> Subject: lrb draft 0264/1, critical access hospitals
>
> We have reviewed the draft of the language for the critical access
> hospital
> (cah) change. The way the language is drafted, the change will be
> ineffective
> because cah status is tied to inpatient utilization. One reason some
> rural
> hospitals may elect to convert to a cah is because area demographics have
> decreased the demand for inpatient services. The intent of this change
> was to
> allow such hospitals to convert to cahs, so they can still provide needed
> services to surrounding areas, and still have access to the supplemental
> 'rural
> hospital' funding. We would suggest changing the draft so that in
> 49.45(5m)(am)
> the phrase "that...have high utilization of inpatient services" be moved
> so that
> it only applies to "rural hospitals" and so critical access hospitals
> qualify
> simply by their status as critical access hospitals. In 49.45(5m)(b) the
> language again needs to specify that cahs qualify simply by their cah
> status,
> not by comparative utilization rates.

>
> If you have any further questions, please let me know. Thanks for your
> help
> with this, and we would be happy to review any further drafts of this
> change.

>
> Victoria Agnew-Lyon
> Office of Strategic Finance
> Department of Health & Family Services
>



SOON In edit. 12/26

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0264/2
DAK:kmg

DOA:.....Geisler - Critical access hospitals

FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION

FR-S/L

Don't
cancel.

1 AN ACT relating to: the budget.

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES

PUBLIC ASSISTANCE

Currently, each fiscal year the department of health and family services (DHFS) must distribute up to \$2,256,000 of medical assistance moneys as supplements to rural hospitals that, compared to other rural hospitals, have a high utilization of inpatient services by persons whose care is provided from governmental sources.

This bill authorizes DHFS also to distribute the supplements of medical assistance moneys to critical access hospitals ~~that, in comparison with other critical access hospitals, also have high inpatient service utilization by patients eligible for governmentally funded care.~~ The bill defines a "critical access hospital" as a hospital that DHFS determines meets specific federal medical assistance requirements and has specific federal certification.

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

2 SECTION 1. 49.45 (5m) (a) of the statutes is renumbered 49.45 (5m) (am) and
3 amended to read:

1 49.45 (5m) (am) Notwithstanding sub. (3) (e), from the appropriations under
 2 s. 20.435 (5) (b) and (o) the department shall distribute not more than \$2,256,000 in
 3 each fiscal year, to provide supplemental funds to rural hospitals ~~and to critical~~
 4 ~~access hospitals~~ that, as determined by the department, have high utilization of
 5 inpatient services by patients whose care is provided from governmental sources,
 6 except that the department may not distribute funds to a rural hospital or to a critical
 7 access hospital to the extent that the distribution would exceed any limitation under
 8 42 USC 1396b (i) (3). and to provide supplemental funds to
critical access hospitals,

9 **SECTION 2.** 49.45 (5m) (a) of the statutes is created to read:

10 49.45 (5m) (a) In this subsection, "critical access hospital" has the meaning
 11 given in s. 50.33 (1g).

12 **SECTION 3.** 49.45 (5m) (b) of the statutes is amended to read:

13 49.45 (5m) (b) The supplemental funding under par. (a) (am) shall be based on
 14 the utilization, by recipients of medical assistance, of the total inpatient days of a
 15 rural hospital in relation to that utilization in other rural hospitals ~~or of a critical~~
 16 ~~access hospital in relation to that utilization in other critical access hospitals.~~

17 (END)

for rural hospitals

SOON - Iu edit 2/2

1999 - 2000 LEGISLATURE

LRB-0264/3

DAK:kmg:3

D-NOTE

DOA:.....Geisler - Critical access hospitals

FOR 1999-01 BUDGET - NOT READY FOR INTRODUCTION

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

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 6 access hospitals, except that the department may not distribute funds to a rural
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 15 inpatient days of a rural hospital in relation to that utilization in other rural
 16 hospitals.

(END)

→ *** NOTE: This is reconciled s. 49.45 (5m) (am).
 This paragraph has been affected by drafts with the
 following LRB #'s: LRB-0028/6 and LRB-0264/2.

D-NOTE

D-NOTE
STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU - LEGAL SECTION
(608-266-3561)

To Jeff Heiser:

This draft reconciles LRB-0028/6 and
LRB-0264/2. Both LRB-0028 and LRB-0264
should continue to appear in the compiled bill.

DAK

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

LRB-0264/3dn
DAK:kmg:jf

February 3, 1999

To Jeff Geisler:

This draft reconciles LRB-0028/6 and LRB-0264/2. Both LRB-0028 and LRB-0264 should continue to appear in the compiled bill.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266-0137



State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-0264/3
DAK:kmg:jf

DOA:.....Geisler - Critical access hospitals

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