

2001 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB55)

Received: 07/10/2001

Received By: isagerro

Wanted: As time permits

Identical to LRB:

For: Legislative Fiscal Bureau

By/Representing: Carabell

This file may be shown to any legislator: NO

Drafter: isagerro

May Contact:

Addl. Drafters:

Subject: Public Assistance - med. assist.

Extra Copies: DAK

Submit via email: NO

Requester's email:

Pre Topic:

LFB:.....Carabell -

Topic:

Increase in MA hospital rates for outpatient services

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>
/1	isagerro 07/12/2001	jdycr 07/12/2001	kfollet 07/12/2001	_____	lrb_docadmin 07/12/2001		
/2	isagerro 07/20/2001	jdycr 07/20/2001	rschluet 07/20/2001	_____	lrb_docadmin 07/20/2001		
/3	isagerro	hhagen	haugeca	_____	lrb_docadmin		

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	07/21/2001	07/22/2001	07/22/2001	_____	07/23/2001		

FE Sent For:

<END>

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Handwritten notes: CK 7/22, CK 7/22

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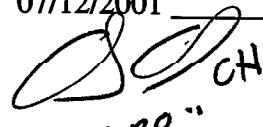
Instructions:

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FE Sent For:

1/2 7/10 jcd

 7.20"
 <END>

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FE Sent For:

<END>

* Per Rachel Carabell - 7/10/01

- intent is to ensure that any increase in the maximum reimbursement^{MA} rate not result in more than a \$2.5 million loss to HMOs b/c of increase in the discount rate

* Discount Rate Ex:

Hosp Rate - \$100 } discount rate = 8%
HMO Rate - \$92 }

* after ↑ funding

Hosp Rate - \$102 } discount rate = 10%
HMO Rate - \$92 } * increase in rate = 7%
if Senate provision
stays in

- not later than 90 days - to JFC
- Require DHFS to submit plan on how \$ will be allocated so that loss to HMOs is not more than \$2.5 million
 - under 14 day passive review

can't be
harned
by \$2.5 million

HMO \$92

10% discount
rate

\$6 million
for all people
in HMOs

5. MA Hospital Payments

- JFC funding Levels for DSHs
- Modify JFC provision relating to holding HMOs harmless by including the following:

"Require DHFS to allocate a portion of the funding provided for outpatient hospital rate increases to fund adjustments in HMO

* 8% discount
rate

payment rates to ensure that the increase in the discount rate reflected in HMO payments does not total more than \$2.5

- total
loss
\$6 million

million (all funds) in calendar years 2002 and 2003 as a result of the increase in outpatient hospital reimbursement. Require DHFS to submit a proposal to the Joint Committee on Finance within 90 days of the bill's general effective date that identifies how DHFS would allocate the additional funding provided for outpatient hospital rate increases between hospitals and HMOs.

Authorize DHFS to implement the proposal unless the Committee Co-Chairs notify DHFS that it wishes to meet on the proposal. Prohibit DHFS from implementing the proposal unless the Committee approves the proposal or an alternative proposal."

JFC
\$12 million
- DHFS could
have used \$ to
↑ \$ for HMOs
so that HMOs

Senate
- said don't
use any money
for HMOs

HMOs to be able to lose
up to 2.5 million based
on hospital if increases

dr is 70 of
fee for service
legislation
2.5 is value of
rate

\$1,481,900 FED would be budgeted in the MA appropriation, the rest would be budgeted for BadgerCare benefits.

Assembly: No change to Joint Finance.

5. MA HOSPITAL PAYMENTS

Jt. Finance:

*60744
12R*

Senate: Provide \$1,000,000 annually (\$412,500 GPR and \$587,500 FED in 2001-02 and \$415,000 GPR and \$585,000 FED in 2002-03) to increase allocations for disproportionate share hospitals (DSHs). The substitute amendment would increase funding for these payments by \$3.0 million (all funds) annually. Therefore, under this provision, the increase for DSH allocations would total \$4.0 million annually.

	Chg. to JFC
GPR	\$827,500
FED	<u>1,172,500</u>
Total	\$2,000,000

2000 M Delete the provision in the substitute amendment that would require DHFS to allocate a portion of the funding provided for outpatient hospital rate increases to fund adjustments in HMO payment rates to ensure that the discount rates reflected in HMO payments are not increased as a result of the increase in outpatient hospital reimbursements.

*do not total more than 2,250,000 in funds
proposal to Jt Fin by DHFS in 90 days; passive review*

Assembly: Reduce MA benefits funding by \$500,000 GPR and \$712,100 FED in 2001-02 and \$500,000 GPR and \$704,900 FED in 2002-03 to reduce funding that would be provided in the substitute amendment for MA payments to disproportionate share hospitals (DSHs). Under this provision, funding for these hospitals would increase by \$1,787,900 (all funds) in 2001-02 and \$1,795,100 (all funds) in 2002-03, compared to the base.

	Chg. to JFC
GPR	-\$1,000,000
FED	<u>-1,417,000</u>
Total	-\$2,417,000

*61384/1
DAK*

6. MILWAUKEE COUNTY GENERAL ASSISTANCE MEDICAL PROGRAM

*60739
1SF*

Senate: Provide \$2,160,000 PR annually and \$3,076,400 FED in 2001-02 and \$3,045,100 FED in 2002-03 to reflect an increase in the amount that DHFS may receive from Milwaukee County as an intergovernmental transfer (IGT) for Milwaukee County's general assistance medical program (GAMP).

	Chg. to JFC
PR	\$4,320,000
FED	<u>6,121,500</u>
Total	\$10,441,500

Under current law, DHFS is authorized to receive \$2.5 million annually from Milwaukee County as an IGT payment. This revenue is deposited in a PR appropriation in DHFS and matched with federal MA matching funds (approximately \$3.6 million) and distributed to eligible hospitals in Milwaukee County as reimbursement for services provided by the hospitals and originally paid under GAMP. These hospitals then reimburse Milwaukee County for any payments made under GAMP.

JL

LFB:.....Carabell - Increase in MA hospital rates for outpatient services

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

substitute amendment

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

At the locations indicated, amend the ~~bill~~ as follows:

1. Page 1338, line 20: after that line insert:

nonstat "(13d) INCREASE IN HOSPITAL AND HEALTH MAINTENANCE ORGANIZATION RATES OF REIMBURSEMENT. No later than 90 days after the effective date of this subsection, the department of health and human services shall submit to the joint committee on finance a plan for distributing the moneys appropriated in the 2001-03 fiscal biennium under ^{section} (s) 20.435 (4) (v) and (w) of the statutes, as affected by this act, for increasing the maximum rate of reimbursement paid to hospitals and health maintenance organizations for outpatient services provided under the medical assistance program under subchapter IV of chapter 49 of the statutes. The plan may

1 not increase the maximum rate of reimbursement paid to hospitals for outpatient
2 services so that the cost of the increase in the discount rate, which is shown as the
3 difference between the rate of reimbursement paid to hospitals for outpatient
4 services and the rate of reimbursement paid to health maintenance organizations for
5 outpatient services, exceeds \$2,500,000. If the cochairpersons of the committee do
6 not notify the secretary of health and family services within 14 working days after
7 receiving the plan that the cochairpersons have scheduled a meeting for the purpose
8 of reviewing the plan, the department of health and family services shall implement
9 the plan. If, within 14 working days after receiving the plan, the cochairpersons
10 notify the secretary of health and family services that the cochairpersons have
11 scheduled a meeting for the purpose of reviewing the plan, the department of health
12 and family services may implement the plan only as approved by the committee.”

13

(END)

Sager-Rosenthal, Ivy

From: Carabell, Rachel
Sent: Thursday, July 19, 2001 5:52 PM
To: Sager-Rosenthal, Ivy
Subject: LRB2043/1

Hi Ivy!
I have some changes to LRB 2043/1.

1. On page 2, lines 2: after cost, delete "of" and substitute "resulting from" (this is probably minor, but it seems more clear to me this way)
2. Page 2, Delete lines 3-5 and replace with "difference between the rate of reimbursement paid to fee-for-service providers for the same services provided by the health maintenance organization and the rate of payment made to health maintenance organizations, exceeds \$2,500,000 annually in 2002 and 2003 as a result of the increase in hospital outpatient services rates. If the cochairpersons of the committee do"

These changes are necessary for several reasons:

- the discount rate is based on all services for which an HMO provides compared with what it would have cost if those same services were provided on a fee-for-service basis. There is no discount rate on a service-specific basis.
- the \$2.5 million is an annual amount for the two year period only
- HMOs are not reimbursed for services-rather they are prepaid based on enrollment, so to describe their payment as reimbursement isn't really accurate.
- the description regarding the \$2.5 million must be specifically tied to a change in the outpatient hospital rate because the discount rate can change for a variety of reasons and we want to make sure that only the change as a result of the outpatient hospital rate is used to determine payments under this provision.

I hope this makes sense. Call me if you have any questions.

Rachel Carabell
Legislative Fiscal Bureau
rachel.carabell@legis.state.wi.us
Phone: 608-266-3847



State of Wisconsin
2001 - 2002 LEGISLATURE

2
LRBb2043/1

ISR:jld:kjf

EMR

LFB:.....Carabell - Increase in MA hospital rates for outpatient services

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 1338, line 20: after that line insert:

3 “(13dd) INCREASE IN HOSPITAL AND HEALTH MAINTENANCE ORGANIZATION RATES OF
4 REIMBURSEMENT. No later than 90 days after the effective date of this subsection, the
5 department of health and human services shall submit to the joint committee on
6 finance a plan for distributing the moneys appropriated in the 2001-03 fiscal
7 biennium under section 20.435 (4) (o) and (w) of the statutes, as affected by this act,
8 for increasing the maximum rate of reimbursement paid to hospitals and health
9 maintenance organizations for outpatient services provided under the medical
10 assistance program under subchapter IV of chapter 49 of the statutes. The plan may

1 not increase the maximum rate of reimbursement paid to hospitals for outpatient
 2 increase results in an ✓ services so that the ~~cost of the~~ increase in the discount rate, which is shown as the
 3 difference between the rate of reimbursement paid to fee-for-service providers ~~hospitals for outpatient~~
 4 for the same payment made services, and the rate of reimbursement paid to health maintenance organizations for
 5 that are provided by health maintenance organizations ~~outpatient~~ services, exceeds \$2,500,000. If the cochairpersons of the committee do
 6 those - of more than in each of calendar years 2002 and 2003
 7 not notify the secretary of health and family services within 14 working days after
 8 receiving the plan that the cochairpersons have scheduled a meeting for the purpose
 9 of reviewing the plan, the department of health and family services shall implement
 10 the plan. If, within 14 working days after receiving the plan, the cochairpersons
 11 notify the secretary of health and family services that the cochairpersons have
 12 scheduled a meeting for the purpose of reviewing the plan, the department of health
 13 and family services may implement the plan only as approved by the committee.”.

(END)

Sager-Rosenthal, Ivy

From: Carabell, Rachel
Sent: Friday, July 20, 2001 6:03 PM
To: Sager-Rosenthal, Ivy
Subject: hospital draft

Re: 2043/2

Charlie caught this one....., page 1, line 5: I believe that "health and human services" should be "health and family services"
Thanks!

Rachel Carabell
Legislative Fiscal Bureau
rachel.carabell@legis.state.wi.us
Phone: 608-266-3847



State of Wisconsin
2001 - 2002 LEGISLATURE

LRBb2043/2

ISR:jld:rs

3
RMR

LFB:.....Carabell – Increase in MA hospital rates for outpatient services

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

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4 providers for the same services that are provided by health maintenance
5 organizations and the rate of payment made to health maintenance organizations for
6 those services, of more than \$2,500,000 in each of calendar years 2002 and 2003. If
7 the cochairpersons of the committee do not notify the secretary of health and family
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13 reviewing the plan, the department of health and family services may implement the
14 plan only as approved by the committee.”.

15 (END)



LFB:.....Carabell – Increase in MA hospital rates for outpatient services

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