



TODAY
State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1649/3 4
DAK/PJK/RAC/MJL:wjl:PE

DOA:.....Johnston, BB0423 - Health care quality improvement
FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Today by 11:00
please

1 ^{DoNotGen}
AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES

HEALTH

Under current law, DHFS must collect, analyze, and disseminate health care information from health care providers other than hospitals and ambulatory surgery centers; in addition, DOA must contract with an entity to collect, analyze, and disseminate health care information from hospitals and ambulatory surgery centers. Both DHFS and the entity under contract with DOA must, from the data collected, prepare certain reports that do not permit the identification of a patient, an employer, or a health care provider. The Board on Health Care Information, attached to DHFS, must advise DHFS on the collection, analysis, and dissemination of health care information; provide oversight on the reports issued by DHFS and the entity under contract with DOA; and develop overall strategy and direction for health care information collection activities. Activities of the Board on Health Care Information and DHFS are funded from fees for performance of certain work under contract and from assessments that are annually levied on health care providers other than hospitals and ambulatory surgery centers.

This bill eliminates the Board on Health Care Information as of October 1, 2005, and replaces it on that date with a nine-member Health Care Quality and Patient Safety Board (HCQPSB), attached to DOA, which assumes the duties and powers of the Board on Health Care Information. In addition, the HCQPSB must do all of the following:

1. By March 1, 2006, study and make recommendations concerning the feasibility of creating a centralized physician information database.
2. By October 1, 2006, study and make recommendations concerning rules required and authorized to be promulgated by DHFS concerning the collection, analysis, and dissemination of health care information.
3. By January 1, 2007, develop a plan and specific strategies to deploy health care information systems technology for health care quality, safety, and efficiency.
4. Annually report on its plans, activities, accomplishments, and recommendations.
5. Annually assess the extent to which automated information and decision support systems are used by health care providers in Wisconsin.
6. Annually assess options and develop a plan to achieve automation of all health care systems in Wisconsin by 2010.
7. Make grants or loans to clinics, health maintenance organizations, hospitals, or physicians for various projects.

The bill creates the health care quality improvement fund, a segregated fund that consists of moneys transferred from the injured patients and families compensation fund, the net proceeds of certain revenue obligations, a portion of the annual assessments levied on health care providers other than hospitals and ambulatory surgery centers, and the repayment of any loans made by the HCQPSB. Funds of the health care quality improvement fund are, under the bill, appropriated for general program operations of the HCQPSB, for grants or loans made by the HCQPSB and for benefits under the Medical Assistance (MA) program, including specified hospital payments in specified amounts.

Under the bill, the entity under contract with DOA must annually report to the HCQPSB concerning the fulfillment of the entity's obligations under the contract. Also, before July 1, 2007, DHFS may promulgate only those rules relating to the collection, analysis, and dissemination of health care information that are first approved by the HCQPSB.

OTHER HEALTH AND HUMAN SERVICES

Under current law, the Wisconsin Health and Educational Facilities Authority (WHEFA) provides financial assistance to private and public health facilities and hospitals. This bill prohibits WHEFA from providing such financial assistance unless the health facility or hospital demonstrates to the Health Care Quality and Patient Safety Board (HCQPSB) that ~~WHEFA~~ is making efforts to improve medical technology.

the health facility or hospital

INSURANCE

Under current law, certain health care providers are required to carry health care liability insurance with liability limits of at least \$1,000,000 for each occurrence and at least \$3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim against a health care provider subject to the health care liability insurance requirements that exceeds the policy limits of the health care provider's health care liability insurance is paid by the injured patients and families compensation fund. Moneys for the fund come from annual assessments paid by the health care providers who are subject to the health care liability insurance

requirements. Current law provides that the fund is established to curb the rising costs of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims and that the fund is held in irrevocable trust for the sole benefit of providers and proper claimants and may not be used for any other purpose of the state.

This bill transfers \$133,843,400 in fiscal year 2005–06 and ~~\$8,764,000~~ ^{\$8,854,000} in fiscal year 2006–07 from the injured patients and families compensation fund to the health care quality improvement fund, as created in the bill. The bill also adds to the stated purposes of the injured patients and families compensation fund the purposes of ensuring the availability of health care providers in Wisconsin and of enabling the deployment of health care information systems technology for health care quality, safety, and efficiency, by the Health Care Quality and Patient Safety Board (HCQPSB), as created in the bill.

STATE GOVERNMENT

STATE FINANCE

This bill creates a program to issue revenue obligations to fund costs associated with the reform of the Medical Assistance program. Under the bill, funds for the program may not exceed \$125,000,000. The bill provides that the principal and interest costs on the revenue obligations are to be paid from excise taxes that are currently imposed on the sale of liquor, fermented malt beverages, cigarettes, and tobacco products. These taxes are to be deposited into the excise tax fund, a fund under current law that can be used for any revenue obligations issued to pay the state's unfunded prior service liability under the Wisconsin Retirement System (WRS). To dedicate moneys in the excise tax fund for the payment of these grants, the bill eliminates the state's authority to issue revenue obligations secured by tax revenues derived from the sale of liquor, fermented malt beverages, cigarettes, and tobacco products for the payment of the state's unfunded prior liability under the WRS. Obligations for this purpose have already been issued under other current law authority.

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.** 15.07 (2) (b) of the statutes is repealed.
- 2 **SECTION 2.** 15.07 (2) (n) of the statutes is created to read:
- 3 15.07 (2) (n) The chairperson of the health care quality and patient safety board
- 4 shall be designated biennially by the governor.
- 5 **SECTION 3.** 15.07 (3) (bm) 1. of the statutes is repealed.

1 **SECTION 4.** 15.105 (13) of the statutes is created to read:

2 **15.105 (13) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD.** (a) *Creation;*
3 *membership.* There is created a health care quality and patient safety board,
4 attached to the department of administration under s. 15.03, consisting of the
5 following members:

6 1. The secretary of health and family services, the secretary of employee trust
7 funds, and the secretary of administration or their designees.

8 2. One physician, as defined in s. 448.01 (5).

9 3. One representative of hospitals.

10 4. One employer purchaser of health care.

11 5. One representative of the insurance industry.

12 6. One representative of health maintenance organizations, as defined in s.
13 609.01 (2).

14 7. One member who shall represent the public interest.

15 (b) *Terms.* The board members specified in par. (a) 2. to 7. shall be appointed
16 for 4-year terms.

17 **SECTION 5.** 15.195 (6) of the statutes is repealed.

18 **SECTION 6.** 16.03 (3) of the statutes is amended to read:

19 **16.03 (3) REPORT.** The interagency coordinating council shall report at least
20 twice annually to the health care quality and patient safety board ~~on health care~~
21 ~~information~~ in the department of ~~health and family services~~ administration,
22 concerning the council's activities under this section.

23 **SECTION 7.** 16.526 (title) of the statutes is repealed and recreated to read:

24 **16.526 (title) Revenue obligation program to fund costs associated**
25 **with the reform of the Medical Assistance program.**

1 SECTION 8. 16.526 (1) of the statutes is amended to read:

2 16.526 (1) For purposes of subch. II of ch. 18, the purposes of obtaining proceeds
3 to pay ~~the state's anticipated unfunded prior service liability under s. 40.05 (2) (b)~~
4 ~~and of paying the state's unfunded prior service liability under s. 40.05 (2) (b) and the~~
5 ~~state's unfunded liability under s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40~~
6 fund costs associated with the reform of the Medical Assistance program is a special
7 fund program, and the excise tax fund is a special fund. The legislature finds and
8 determines that the excise tax fund is a segregated fund consisting of fees, penalties,
9 or excise taxes and that the ~~special~~ ^{state} program to pay the state's unfunded prior service
10 liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b),
11 (be), and (bw) and subch. IX of ch. 40 fund costs associated with the reform of the
12 Medical Assistance program from the net proceeds of revenue obligations issued
13 under this section is appropriate and will serve a public purpose.

14 SECTION 9. 16.526 (2) of the statutes is amended to read:

15 16.526 (2) The net proceeds of revenue obligations issued under subch. II of ch.
16 18, as authorized under this section, shall be deposited in a fund in the state treasury,
17 or an account maintained by a trustee, created under s. 18.57 (1). The moneys shall
18 be applied for ancillary payments and for the provision of reserves, as determined
19 by the building commission, and for the payment of part or all of the ~~state's unfunded~~
20 ~~prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under~~
21 ~~s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40, as determined by the~~
22 ~~department, costs associated with the reform of the Medical Assistance program, and~~
23 any remainder shall be paid into a [↓] retirement liability ~~Medical Assistance program~~
24 obligation redemption fund created under 18.562 (3).

25 SECTION 10. 16.526 (5) (b) of the statutes is amended to read:

an excise tax revenue

from revenue obligations
issued under this section

1 16.526 (5) (b) Except as otherwise provided in this paragraph, the
 2 requirements for funds ^{to be} obtained to pay the state's anticipated unfunded prior service
 3 liability under s. 40.05 (2) (b) and funds used for the payment of the state's unfunded
 4 prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under
 5 s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, costs associated with the reform
 6 of the Medical Assistance program that are to be paid from revenue obligations
 7 issued under this section, shall be determined by the secretary. The sum amount of
 8 revenue obligations issued under this section and appropriation obligations issued
 9 under s. 16.527, if any, excluding any appropriation ^{revenue} obligations that have been
 10 defeased under a cash optimization program administered by the building
 11 commission and any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3,
 12 shall not exceed \$1,500,000,000 \$125,000,000.

13 SECTION 11. 16.529 (2) of the statutes is amended to read:

14 16.529 (2) LAPSES AND TRANSFERS REQUIRED. If obligations are issued under s.
 15 ~~16.526 or 16.527, or both, any executive budget bill prepared under s. 16.47 (1) shall~~
 16 ~~require the secretary during the fiscal biennium to which the executive budget bill~~
 17 ~~relates to lapse to the general fund from each appropriation of program revenues,~~
 18 ~~program revenues-service, and federal revenues and to lapse to the applicable fund~~
 19 ~~from each appropriation of segregated fund revenues, segregated fund~~
 20 ~~revenues-service, and segregated federal revenues and subsequently transfer to the~~
 21 ~~general fund an amount equal to that portion of the total amount of principal and~~
 22 ~~interest to be paid on the obligations during the succeeding fiscal biennium that is~~
 23 ~~allocable to the appropriation, as determined under sub. (3). The secretary shall~~
 24 ~~ensure that each state agency includes in the program and financial information~~

expenditures to be paid from

stat: plain

Secretary shall determine the

Insert 6-15

1 forwarded under s. 16.42 (1) an itemization of each amount that is required to be
2 lapsed, or lapsed and transferred, under this subsection.

3 SECTION 12. 16.529 (3) (a) of the statutes is amended to read:

4 16.529 (3) (a) The secretary shall first compute the total amount that would
5 have been expended from all appropriations, had obligations under s. ~~16.526~~ or
6 16.527 not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX
7 of ch. 40 during the fiscal biennium during which the obligations are issued.

8 SECTION 13. 16.529 (3) (c) of the statutes is amended to read:

9 16.529 (3) (c) For each appropriation identified under par. (b), the secretary
10 shall then apply the percentage calculated under par. (b) to the total amount of
11 principal and interest to be paid during the succeeding fiscal biennium on obligations
12 issued under ~~ss. 16.526~~ and s. 16.527. This amount is the portion of the total amount
13 of principal and interest paid on the obligations during that fiscal biennium that is
14 allocable to each appropriation.

15 SECTION 14. 20.435 (4) (hg) of the statutes is amended to read:

16 20.435 (4) (hg) *General program operations; health care information.* The
17 amounts in the schedule to fund the activities of the department of health and family
18 services ~~and the board on health care information~~ under ch. 153. The contract fees
19 paid under s. 153.05 (6m) and assessments paid under s. 153.60, less \$250,000 in
20 assessments paid in each fiscal year, shall be credited to this appropriation account.

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renumbered 20.435 (1) (hg) and

INSERT 7-20

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

22 20.435 (4) (r) *Health care quality improvement fund; Medical Assistance*
23 *reform.* From the health care quality improvement fund, as a continuing
24 appropriation, the amounts in the schedule to provide a portion of the state share of
25 Medical Assistance program benefits administered under s. 49.45, to provide a

1 portion of the Medical Assistance program benefits administered under s. 49.45 that
2 are not also provided under par. (o), to fund the pilot project under s. 46.27 (9) and
3 (10), to provide a portion of the facility payments under 1999 Wisconsin Act 9, section
4 9123 (9m), to fund services provided by resource centers under s. 46.283, and for
5 services under the family care benefit under s. 46.284 (5).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6 **SECTION 16.** 20.435 (4) (rm) of the statutes is created to read:

7 20.435 (4) (rm) *Health care quality improvement fund; hospital supplemental*
8 *payments.* From the health care quality improvement fund, the amounts in the
9 schedule to provide the payments specified in 2005 Wisconsin ~~Act~~ (this act),
10 section 9121 (3). Act

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11 **SECTION 17.** 20.505 (1) (sd) of the statutes is amended to read:

12 20.505 (1) (sd) Revenue obligation proceeds to pay the state's unfunded liability
13 under the Wisconsin Retirement System fund costs associated with the reform of the
14 Medical Assistance program. As a continuing appropriation, all proceeds from
15 revenue obligations that are issued under subch. II of ch. 18, as authorized under s.
16 16.526, and deposited in a fund in the state treasury, or in an account maintained by
17 a trustee, created under s. 18.57 (1), as authorized under s. 16.526 (2), to pay part
18 or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's
19 unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as
20 determined by the department of administration be transferred to the health care
21 quality improvement fund, and to provide for reserves and to make ancillary
22 payments, as determined by the building commission, and the remainder to be

excise tax revenue

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transferred to a ~~retirement liability~~ Medical Assistance program obligation redemption fund created under s. 18.562 (3). Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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SECTION 18. 20.505 (1) (sh) of the statutes is amended to read:

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20.505 (1) (sh) *Excise tax fund — revenue obligation repayment.* From the

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excise tax fund, a sum sufficient to pay a ~~retirement liability~~ Medical Assistance

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~~program~~ obligation redemption fund created under s. 18.562 (3) the amount needed

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to pay the principal of and premium, if any, and interest on revenue obligations

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issued under subch. II of ch. 18, as authorized under s. 16.526, and to make ancillary

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payments authorized by the authorizing resolution for the revenue obligations.

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Estimated disbursements under this paragraph shall not be included in the schedule

12

under s. 20.005.

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SECTION 19. 20.505 (1) (sm) of the statutes is amended to read:

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20.505 (1) (sm) *Excise tax fund — provision of reserves and payment of ancillary*

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costs relating to revenue obligations. From the excise tax fund, a sum sufficient to

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provide for reserves and for ancillary payments relating to revenue obligations

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issued under subch. II of ch. 18, as authorized under s. 16.526 and the resolution

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authorizing the revenue obligations. Estimated disbursements under this

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paragraph shall not be included in the schedule under s. 20.005.

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SECTION 20. 20.505 (1) (sp) of the statutes is amended to read:

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20.505 (1) (sp) *Revenue obligation debt service.* From a ~~retirement liability~~

22

~~Medical Assistance program~~ obligation redemption fund created under s. 18.562 (3),

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all moneys received by the fund for the payment of principal of and premium, if any,

1 and interest on revenue obligations issued under subch. II of ch. 18, as authorized
2 under s. 16.526, and for ancillary payments authorized by the authorizing resolution
3 for the revenue obligations. All moneys received by the fund are irrevocably
4 appropriated in accordance with subch. II of ch. 18 and further established in
5 resolutions authorizing the issuance of the revenue obligations under s. 16.526 and
6 setting forth the distribution of funds to be received thereafter. Estimated
7 disbursements under this paragraph shall not be included in the schedule under s.
8 20.005.

9 **SECTION 21.** 20.505 (4) (i) of the statutes is created to read:

10 20.505 (4) (i) *Health care quality and patient safety board; gifts and grants.* All
11 money received from gifts, grants, bequests, and devises to the health care quality
12 and patient safety board, for the purposes for which made.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

13 **SECTION 22.** 20.505 (4) (q) of the statutes is created to read:

14 20.505 (4) (q) *Health care quality and patient safety board; general program*
15 *operations.* Biennially, from the health care quality improvement fund, the amounts
16 in the schedule for general program operations of the health care quality and patient
17 safety board.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

18 **SECTION 23.** 20.505 (4) (qb) of the statutes is created to read:

19 20.505 (4) (qb) *Health care quality and patient safety board; grants or loans.*
20 As a continuing appropriation, from the health care quality improvement fund, the
21 amounts in the schedule for grants or loans under s. 153.076.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

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

2 25.17 (1) (gd) Health care quality improvement fund (s. 25.775);

3 **SECTION 25.** 25.775 of the statutes is created to read:

4 **25.775 Health care quality improvement fund.** There is created a
5 separate nonlapsible trust fund designated as the health care quality improvement
6 fund, consisting of all of the following:

7 (1) All moneys transferred under 2005 Wisconsin Act (this act), section 9225

8 (1).

9 (2) All moneys received from s. 20.505 (1) (sd).

10 (3) In each fiscal year, \$250,000 of the assessments paid under s. 153.60.

11 (4) Repayment of any loans made under s. 153.076 (2).

12 **SECTION 26.** 46.27 (9) (a) of the statutes is amended to read:

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

22 **SECTION 27.** 46.27 (10) (a) 1. of the statutes is amended to read:

23 46.27 (10) (a) 1. The department shall determine for each county participating
24 in the pilot project under sub. (9) a funding level of state medical assistance
25 expenditures to be received by the county. This level shall equal the amount that the

1 department determines would otherwise be paid under s. 20.435 (4) (b), (gp), (r), or
2 (w) because of increased utilization of nursing home services, as estimated by the
3 department.

4 **SECTION 28.** 46.275 (5) (a) of the statutes is amended to read:

5 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the
6 department under sub. (3r), provides under this program is available from the
7 appropriation accounts under s. 20.435 (4) (b), (gp), (o), (r), and (w). If 2 or more
8 counties jointly contract to provide services under this program and the department
9 approves the contract, Medical Assistance reimbursement is also available for
10 services provided jointly by these counties.

11 **SECTION 29.** 46.275 (5) (c) of the statutes is amended to read:

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

19 **SECTION 30.** 46.278 (6) (d) of the statutes is amended to read:

20 46.278 (6) (d) If a county makes available nonfederal funds equal to the state
21 share of service costs under a waiver received under sub. (3), the department may,
22 from the appropriation under s. 20.435 (4) (o), provide reimbursement for services
23 that the county provides under this section to persons who are in addition to those
24 who may be served under this section with funds from the appropriation under s.
25 20.435 (4) (b), (r), or (w).

1 **SECTION 31.** 46.283 (5) of the statutes is amended to read:

2 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),
3 (bm), (gp), (pa), (r), and (w) and (7) (b), (bd), and (md), the department may contract
4 with organizations that meet standards under sub. (3) for performance of the duties
5 under sub. (4) and shall distribute funds for services provided by resource centers.

6 **SECTION 32.** 46.284 (5) (a) of the statutes is amended to read:

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

14 **SECTION 33.** 49.45 (2) (a) 17. of the statutes is amended to read:

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

20 **SECTION 34.** 49.45 (5m) (am) of the statutes is amended to read:

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

(rm)

INSERT 14-3

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

4 SECTION 35. 49.45 (6m) (ag) (intro.) of the statutes 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), (pa), (o), (r), (w), or (wm) shall, except
7 as 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 36. 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 (r).~~

19 SECTION 37. 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),~~ the department shall distribute not more
22 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).

INSERT 14-2

\$6,124,000

(rm)

1 **SECTION 38.** 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), (r), and (w), the department shall distribute funding
4 in each fiscal year to provide supplemental payment to hospitals that enter into a
5 contract under s. 49.02 (2) to provide health care services funded by a relief block
6 grant, as determined by the department, for hospital services that are not in excess
7 of the hospitals' customary charges for the services, as limited under 42 USC 1396b
8 (i) (3). If no relief block grant is awarded under this chapter or if the allocation of
9 funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
10 department may distribute funds to hospitals that have not entered into a contract
11 under s. 49.02 (2).

12 **SECTION 39.** 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), (r), and (w), 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 40.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

21 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
22 accounts under s. 20.435 (4) (b), (gp), (o), (r), and (w), the department shall distribute
23 funding in each fiscal year to supplement payment for services to hospitals that enter
24 into a contract under s. 49.02 (2) to provide health care services funded by a relief
25 block grant under this chapter, if the department determines that the hospitals serve

1 a disproportionate number of low-income patients with special needs. If no medical
2 relief block grant under this chapter is awarded or if the allocation of funds to such
3 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department
4 may distribute funds to hospitals that have not entered into a contract under s. 49.02
5 (2). The department may not distribute funds under this subsection to the extent
6 that the distribution would do any of the following:

7 **SECTION 41.** 49.45 (8) (b) of the statutes is amended to read:

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

13 **SECTION 42.** 49.45 (24m) (intro.) of the statutes is amended to read:

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

19 **SECTION 43.** 49.472 (6) (a) of the statutes is amended to read:

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

1 **SECTION 44.** 49.472 (6) (b) of the statutes is amended to read:

2 49.472 (6) (b) If federal financial participation is available, from the
3 appropriation account under s. 20.435 (4) (b), (gp), (r), or (w), the department may
4 pay ~~medicare~~ Medicare Part A and Part B premiums for individuals who are eligible
5 for ~~medicare~~ Medicare and for medical assistance under sub. (3).

6 **SECTION 45.** 49.473 (5) of the statutes is amended to read:

7 49.473 (5) The department shall audit and pay, from the appropriation
8 accounts under s. 20.435 (4) (b), (gp), ~~and (o)~~, and (r) allowable charges to a provider
9 who is certified under s. 49.45 (2) (a) 11. for ~~medical assistance~~ Medical Assistance
10 on behalf of a woman who meets the requirements under sub. (2) for all benefits and
11 services specified under s. 49.46 (2).

12 **SECTION 46.** 153.01 (2) of the statutes is amended to read:

13 153.01 (2) “Board” means the health care quality and patient safety board on
14 ~~health care information.~~

15 **SECTION 47.** 153.05 (2m) (d) of the statutes is created to read:

16 153.05 (2m) (d) By April 1, annually, the entity under contract under par. (a)
17 shall report to the board concerning the fulfillment of the entity’s obligations under
18 the contract.

19 **SECTION 48.** 153.07 (5) of the statutes is created to read:

20 153.07 (5) By January 1, 2006, and at least annually thereafter, the board shall
21 report to the governor on the plans, activities, accomplishments, and
22 recommendations of the board.

23 **SECTION 49.** 153.07 (6) of the statutes is created to read:

1 153.07 (6) The board shall annually assess the extent to which automated
2 information and decision support systems are used by health care providers in this
3 state.

4 **SECTION 50.** 153.07 (7) of the statutes is created to read:

5 153.07 (7) The board shall annually assess options and develop a plan and
6 specific strategies to achieve automation of all health care systems in the state by
7 2010 or as soon as practicable.

8 **SECTION 51.** 153.07 (8) of the statutes is created to read:

9 153.07 (8) The board shall administer the health care quality improvement
10 fund.

11 **SECTION 52.** 153.07 (9) of the statutes is created to read:

12 153.07 (9) The board may accept gifts, grants, bequests, and devises to be used
13 in the execution of its functions.

14 **SECTION 53.** 153.076 of the statutes is created to read:

15 **153.076 Grants and loans. (1)** In this section:

16 (a) “Clinic” means a place, other than a residence, that is used primarily for the
17 provision of nursing, medical, podiatric, dental, chiropractic, or optometric care and
18 treatment.

19 (b) “Health maintenance organization” has the meaning given in s. 609.01 (2).

20 (c) “Hospital” has the meaning given in s. 50.33 (2).

21 (d) “Physician” has the meaning given in s. 448.01 (5).

22 **(2)** (a) From the appropriation under s. 20.505 (4) (qb), the board may make
23 grants or loans, under procedures and criteria determined by the board, to clinics,
24 health maintenance organizations, or other health care systems, hospitals, or
25 physicians for any of the following projects:

1 1. Installation of computer–assisted physician order entry, electronic medical
2 records, or other information system infrastructure, including clinical decision
3 support systems, to improve the quality, safety, and efficiency of patient care.

4 2. Development of health information exchanges and interoperable systems to
5 facilitate the reporting of quality, safety, and efficiency information for purposes of
6 health care system improvement or related purposes by informing consumers and
7 health care purchasers.

8 3. Demonstration, through pilot projects, of rapid cycle improvement in quality,
9 safety, and efficiency of care.

10 4. Facilitation of group purchases of medical technology systems by assisting
11 health care providers in forming collaborative agreements for technology.

12 (b) Repayment of any loans made under par. (a) shall be deposited into the
13 health care quality improvement fund.

14 **SECTION 54.** 153.76 of the statutes is amended to read:

15 **153.76 Rule–making by the independent review board.**

16 Notwithstanding s. 15.01 (1r), the independent review board may promulgate only
17 those rules that are first reviewed and approved by the health care quality and
18 patient safety board on health care information.

19 **SECTION 55.** 231.03 (intro.) of the statutes is amended to read:

20 **231.03 Powers.** (intro.) The authority has all the powers necessary or
21 convenient to carry out and effectuate the purposes and provisions of this chapter.
22 In addition to all other powers granted by this chapter, subject to s. 231.035 the
23 authority may:

24 **SECTION 56.** 231.035 of the statutes is created to read:

231.035 Health care quality and patient safety board approval.

Beginning on the effective date of this section [revisor inserts date], the authority may not provide any financial assistance to a health facility, hospital, or participating health institution unless the health facility, hospital, or participating health institution demonstrates to the health care quality and patient safety board that it is making efforts to improve medical technology.

SECTION 57. 655.27 (6) of the statutes is amended to read:

655.27 (6) PURPOSE AND INTEGRITY OF FUND. The fund is established to ensure the availability of health care providers in this state, to curb the rising costs of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims ~~and~~, to ensure that proper claims are satisfied, and to enable the deployment of health care information systems technology for health care quality, safety, and efficiency, as specified in s. 153.076 (2). The fund, including any net worth of the fund, is held in irrevocable trust for the sole benefit of health care providers participating in the fund and proper claimants and for the deployment of health care information systems technology for health care quality, safety, and efficiency by the health care quality and patient safety board. Moneys in the fund may not be used for any other purpose of the state.

SECTION 9101. Nonstatutory provisions; administration.

(1) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; INITIAL APPOINTMENTS. Notwithstanding the length of terms specified in section 15.105 (13) (b) of the statutes, as created by this act, the initial members of the health care quality and patient safety board shall be appointed by the first day of the 4th month beginning after the effective date of this subsection for the following terms:

1 (a) The representative of hospitals, the employer purchaser of health care, and
2 the representative of the insurance industry, for terms expiring on May 1, 2009.

3 (b) The physician, the representative of health maintenance organizations, and
4 the member who represents the public interest, for terms expiring on May 1, 2011.

5 (2) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF PHYSICIAN
6 INFORMATION DATABASE. By March 1, 2006, the health care quality and patient safety
7 board shall study and make recommendations to the governor concerning the
8 feasibility of creating a centralized physician information database, including
9 through a joint public and private effort.

10 (3) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF RULES. By October
11 1, 2006, the health care quality and patient safety board shall study and make
12 recommendations to the governor concerning the rules required and authorized to
13 be promulgated by the department of health and family services under section
14 153.75 of the statutes.

15 (4) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; PLAN AND STRATEGIES. By
16 January 1, 2007, develop a plan and specific strategies, including awarding grants
17 or making loans under section 153.076 (2) of the statutes, as created by this act, to
18 deploy health care information systems technology for health care quality, safety,
19 and efficiency, within a reasonable time and using reasonable financial investments.
20 The plan shall consider the extent to which an integrated or interoperable system or
21 underlying technology may be most cost effective, including by assessing benefits of
22 the system for supporting rapid deployment for supporting medical care
23 practitioners, promoting accurate and appropriate shared information about
24 individual patients among health care providers, standardizing performance
25 indicators among health care provider organizations to improve organization

1 performance, and public reporting of quality, safety, and efficiency data for consumer
2 and health care purchaser decision making.

3 **SECTION 9121. Nonstatutory provisions; health and family services.**

4 (1) TRANSFER OF FUNCTIONS OF THE BOARD ON HEALTH CARE INFORMATION.

5 (a) *Assets and liabilities.* On the effective date of this paragraph, the assets and
6 liabilities of the department of health and family services primarily related to the
7 functions of the board on health care information, as determined by the secretary of
8 administration, shall become the assets and liabilities of the department of
9 administration.

10 (b) *Position and employee transfers.* All incumbent employees holding
11 positions in the department of health and family services performing duties
12 primarily related to the functions of the board on health care information, as
13 determined by the secretary of administration, are transferred on the effective date
14 of this paragraph to the department of administration.

15 (c) *Employee status.* Employees transferred under paragraph (b) have all the
16 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
17 statutes in the department of administration that they enjoyed in the department
18 of health and family services immediately before the transfer. Notwithstanding
19 section 230.28 (4) of the statutes, no employee so transferred who has attained
20 permanent status in class is required to serve a probationary period.

21 (d) *Tangible personal property.* On the effective date of this paragraph, all
22 tangible personal property, including records, of the department of health and family
23 services that is primarily related to the functions of the board on health care
24 information, as determined by the secretary of administration, is transferred to the
25 department of administration.

1 (e) *Contracts.* 1. All contracts entered into by the board on health care
2 information in effect on the effective date of this subdivision remain in effect and are
3 transferred to the health care quality and patient safety board. The health care
4 quality and patient safety board shall carry out any obligations under such a contract
5 until the contract is modified or rescinded by the health care quality and patient
6 safety board to the extent allowed under the contract.

7 2. All contracts entered into by the department of health and family services
8 in effect on the effective date of this subdivision that are primarily related to the
9 functions of the board on health care information, as determined by the secretary of
10 administration, remain in effect and are transferred to the department of
11 administration. The department of administration shall carry out any obligations
12 under such a contract until the contract is modified or rescinded by the department
13 of administration to the extent allowed under the contract.

14 (f) *Rules and orders.* 1. All rules promulgated by the board on health care
15 information that are in effect on the effective date of this subdivision remain in effect
16 until their specified expiration date or until amended or repealed by the health care
17 quality and patient safety board.

18 2. All rules promulgated by the department of health and family services that
19 are primarily related to the functions of the board on health care information, as
20 determined by the secretary of administration, that are in effect on the effective date
21 of this subdivision remain in effect until their specified expiration date or until
22 amended or repealed by the department of administration. All orders issued by the
23 department of health and family services that are primarily related to the functions
24 of the board on health care information, as determined by the secretary of
25 administration, that are in effect on the effective date of this subdivision remain in

1 effect until their specified expiration date or until amended or repealed by the
2 department of administration.

3 (g) *Pending matters.* Any matter pending with the board on health care
4 information on the effective date of this paragraph is transferred to the health care
5 quality and patient safety board and all materials submitted to or actions taken by
6 the board on health care information with respect to the pending matter are
7 considered as having been submitted to or taken by the health care quality and
8 patient safety board.

9 (2) HEALTH CARE INFORMATION; RULE MAKING. Notwithstanding the requirement
10 and authorization for the department of health and family services to promulgate
11 rules under section 153.75 of the statutes, before July 1, 2007, the department of
12 health and family services may promulgate under section 153.75 of the statutes only
13 rules that are first approved by the health care quality and patient safety board.

14 (3) PAYMENTS FROM TRANSFER TO HEALTH CARE QUALITY IMPROVEMENT FUND.

15 (a) From the appropriation under section 20.435 (4) (rm) of the statutes, as
16 created by this act, with moneys transferred to the health care quality improvement
17 fund under SECTION 9225 (1) of this act, the department of health and family services
18 shall pay for the following purposes the following amounts:

19 1. For direct graduate medical education, \$5,200,000 in fiscal year 2005–06 and
20 \$5,200,000 in fiscal year 2006–07.

21 2. For a rural hospital adjustment, \$900,000 in fiscal year 2005–06 and
22 \$900,000 in fiscal year 2006–07.

23 3. For a major managed care supplement, \$108,000 in fiscal year 2005–06 and
24 \$108,000 in fiscal year 2006–07.

1 4. For essential access city hospital care, \$2,635,400 in fiscal year 2005–06 and
2 \$2,646,000 in fiscal year 2006–07.

3 (b) No moneys from the appropriation under section 20.435 (4) (b) of the
4 statutes may be used for the payments under paragraph (a).

5 **SECTION 9225. Appropriation changes; insurance.**

6 (1) HEALTH CARE QUALITY IMPROVEMENT FUND. There is transferred from the
7 injured patients and families compensation fund to the health care quality
8 improvement fund \$133,843,400 in fiscal year 2005–06 and ~~\$8,764,000~~ in fiscal year
9 2006–07.

\$8,854,000

10 **SECTION 9401. Effective dates; administration.**

11 (1) CREATION OF HEALTH CARE QUALITY AND PATIENT SAFETY BOARD. The treatment
12 of sections 15.07 (2) (n), 15.105 (13), 153.05 (2m) (d), 153.07 (5) to (9), 153.076, 231.03,
13 and 231.035 of the statutes and SECTION 9101 (1), (2), (3), and (4) of this act take effect
14 on October 1, 2005.

15 **SECTION 9421. Effective dates; health and family services.**

16 (1) ELIMINATION OF BOARD ON HEALTH CARE INFORMATION. The treatment of
17 sections 15.07 (2) (b) and (3) (bm) 1., 15.195 (6), 16.03 (3), 20.435 (4) (hg), 153.01 (2),
18 and 153.76 of the statutes and SECTION 9121 (1) and (2) of this act take effect on
19 October 1, 2005.

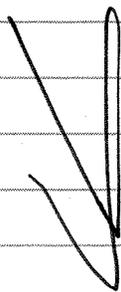
20

(END)

6-15

SEC# 16.526(5)(c)^v of the
statute is created to read:

16.526(5)^(B)(c) For the purpose
of so 18.58(4)^u, the department is
carrying out program responsibilities
for which the revenue obligations are
authorized under this section.



GLUS

Section #. 16.527 (3) (b) 2. of the statutes is amended to read:

16.527 (3) (b) 2. The sum of appropriation obligations issued under this section, excluding any obligations that have been defeased under a cash optimization program administered by the building commission and any obligations issued pursuant to subd. 3. ^{plan} and revenue obligations issued under ~~s. 16.526, if any,~~ may not exceed \$1,500,000,000.

History: 2003 a. 33, 84, 326.

end of
6-15

7-15

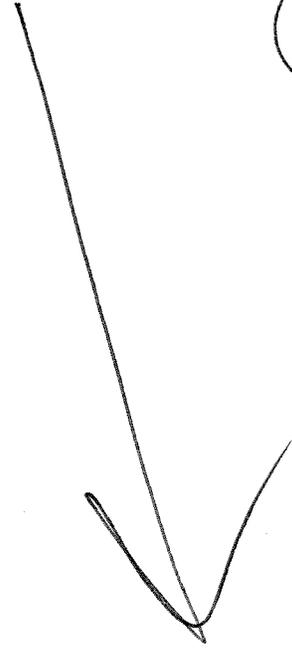
Section #. 18.55 (5) of the statutes is amended to read:

18.55 (5) EXERCISE OF AUTHORITY. Money may be borrowed and evidences of revenue obligation issued therefor pursuant to one or more authorizing resolutions, unless otherwise provided in the resolution or in this subchapter, at any time and from time to time, for any combination of purposes, in any specific amounts, at any rates of interest, for any term, payable at any intervals, at any place, in any manner and having any other terms or conditions deemed necessary or useful. Revenue obligation bonds may bear interest at variable or fixed rates, bear no interest or bear interest payable only at maturity or upon redemption prior to maturity. Unless sooner exercised or unless a shorter period is provided in the resolution, every authorizing resolution, except as provided in s. 18.59 (1), shall expire one year after the date of its adoption.

History: 1977 c. 29; 1985 a. 29; 1987 a. 69; 1989 a. 31, 46; 1999 a. 9; 2003 a. 33.

different

[Handwritten signature]



Section #. 18.61 (5) of the statutes is amended to read:

18.61 (5) The legislature may provide, with respect to any specific issue of revenue obligations, prior to their issuance, that if the special fund income or the enterprise or program income pledged to the payment of the principal and interest of the issue is insufficient for that purpose, it will consider supplying the deficiency by appropriation of funds, from time to time, out of the treasury. If the legislature so provides, the commission may make the necessary provisions therefor in the authorizing resolution and other proceedings of the issue. Thereafter, if the contingency occurs, recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that it shall make such appropriation.

History: 1977 c. 29; 1979 c. 32 s. 92 (5); 1979 c. 107; 1981 c. 336; 1983 a. 228 s. 16; 1993 a. 301; 1999 a. 9; 2001 a. 103.

No ff or is insufficient to replenish a
reserve fund; if applicable;

end of
7-15

INSERT 7-20

*** ^(CS) NOTE ₌ _> This is reconciled s. 20.435

(4)(hg) 0 This SECTION has been affected by
drafts with the following LRB#s:
LRB-0316/2 and LRB-1649/30

D-Note

¶ This version of the draft is reconciled with 05-1837^o. If for any reason, 05-1837 is not included in the budget bill, I will need to redraft to incorporate the amendments to s. 16.529(2) and (3)(a) and (b).^c

RAC

¶ This redraft also reconciles LRB-1649/3, LRB-0941/4 and LRB-0941/4. It replaces LRB-0941 in the compiled bill. Both LRB-1649 and LRB-0941 should continue to appear in the compiled bill. LRB-0316/2

¶ This redraft changes the number for the patient's compensation fund transfer, fixes the WHEFA analysis, fixes the appropriations in

s. 49.45 (5m) (am) and (6x) (a), and fixes the
increase in s. 49.45 (6x) (a) ©

DAK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1649/4dn
RAC&DAK:wlj:pg

January 27, 2005

This version of the draft if reconciled with 05-1837. If for any reason, 05-1837 is not included in the budget bill, I will need to redraft to incorporate the amendments to s. 16.529 (2) and (3) (a) and (c).

Rick A. Champagne
Senior Legislative Attorney
Phone: (608) 266-9930
E-mail: rick.champagne@legis.state.wi.us

This redraft also reconciles LRB-1649/3, LRB-0316/2, and LRB-0941/4. It replaces LRB-0941 in the compiled bill. Both LRB-1649, and LRB-0316, should continue to appear in the compiled bill.

This redraft changes the number for the patient's compensation fund transfer, fixes the WHEFA analysis, fixes the appropriations in s. 49.45 (5m) (am) and (6x) (a), and fixes the increase in s. 49.45 (6x) (a).

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1/27/05

For redraft of -1649/4

From Robert Blaine

1. Remove 9121(3) and make reference to subjects of allocations (but not \$ amts.) in 20.435(4)(vm).

2. Change Patients Comp Fund transfer to:

05-06 \$140,286,000

06-07 \$9,714,000

3. Add pediatric services supplement to 20.435(4)(vm)