



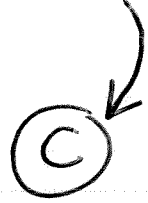
State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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

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

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

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

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

2007 LRB-4268

(Special Session Mr8 ... Budget Adjustment Bill)



200N - In edit 3/5
State of Wisconsin
2007 - 2008 LEGISLATURE

LRB-4081/2
DAK&RLR:bk:if
Stays

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

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

SA ✓

changes on pp. 2 + 4
Do Not Regard Cat

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), 20.435 (4) (xd), 25.17 (1)
7 (gs), 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

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 hospital assessment and the associated program revenue appropriation account and, instead, authorizes DHFS to levy, enforce, and collect an annual assessment 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 annual assessment for fiscal year 2007-08 must be paid by June 1, 2008, and thereafter assessments must be paid quarterly, beginning by September 1, 2008. 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 \$207,032,800 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 quarterly 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 payment increases for inpatient or outpatient hospital services as fee for service or through health maintenance organizations (HMOs) 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 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 appropriated 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. Additionally, they are appropriated to provide ~~\$61,500,000~~ in fiscal year 2007-08 and ~~\$66,500,000~~ in fiscal year 2008-09, for a portion of MA program benefits; the general program revenue appropriation account for MA program benefits is

\$65,000,000

\$60,000,000

decreased by \$60,000,000 in fiscal year 2007-08 and by \$65,000,000 in fiscal year 2008-09. JCF may not transfer moneys from the hospital assessment fund.

The bill requires HMOs that provide services under MA to make monthly payments to hospitals in amounts equivalent to any increase in the capitated rate that DHFS pays HMOs for serving MA recipients, which increase is intended to cover hospital services and is associated with the hospital assessment. The bill requires DHFS to determine monthly amounts, specific to each HMO and hospital, that HMOs must pay hospitals based on data that DHFS uses to calculate the capitated rates DHFS pays HMOs as well as encounter data provided by the HMOs. DHFS must redetermine the amounts at least once annually and must publicly disclose the methodology used to calculate the amounts. The bill requires that each HMO and hospital reconcile the monthly HMO payments to the hospital with actual utilization of inpatient and outpatient services by MA recipients every six months, and that the HMO or hospital, whichever is applicable, pay the other any difference within 90 days. If an HMO and hospital cannot reconcile the amount owed, upon the request of either the HMO or hospital, DHFS must 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 each year thereafter, 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 accounts under s. 20.435 (4) (xc) or (xd) to another
- 4 appropriation account.

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

		2007-08	2008-09
20.435 Health and family services, department of			
(4)	HEALTH SERVICES PLANNING; REG & DELIVERY; HLTH CARE FIN; OTHER SUPPORT PGMS		
(xc)	Hospital assessment fund; hospital payments and refunds	147,032,800 145,532,800	149,226,000 147,726,500 ✓
(9)			
(xd)	Hospital assessment fund; Medical Assistance program benefits	60,000,000 61,500,000	65,000,000 66,500,000 ✓
(11)			

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.

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

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

Biennially, from the hospital assessment fund, the amounts in the schedule to

1 provide a portion of the state share of Medical Assistance program benefits
2 administered under subch. IV of ch. 49.

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

4 25.17 (1) (gs) Hospital assessment fund (s. 25.772);

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

6 **25.772 Hospital assessment fund.** There is established a separate
7 nonlapsible trust fund designated as the hospital assessment fund, to consist of all
8 moneys received under s. 50.375 from assessments on hospitals.

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

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

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

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

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

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

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

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

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

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

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

24 46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), ~~(gp)~~,
25 (im), (o), ~~and (w)~~, and (xd) and (7) (b), (bd), and (g), the department shall provide

1 funding on a capitated payment basis for the provision of services under this section.
2 Notwithstanding s. 46.036 (3) and (5m), a care management organization that is
3 under contract with the department may expend the funds, consistent with this
4 section, including providing payment, on a capitated basis, to providers of services
5 under the family care benefit.

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

7 46.485 (2g) (intro.) From the appropriation accounts under s. 20.435 (4) (b) and
8 ~~(gp)~~ (xd), the department may in each fiscal year transfer funds to the appropriation
9 under s. 20.435 (7) (kb) for distribution under this section and from the appropriation
10 account under s. 20.435 (7) (mb) the department ~~may not~~ shall distribute ~~more than~~
11 \$1,330,500 in each fiscal year to applying counties in this state that meet all of the
12 following requirements, as determined by the department:

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

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

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

20 **SECTION 17.** 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), ~~(xc)~~, (xd), and (w), the department shall distribute
23 not more than ~~\$2,256,000~~ \$5,256,000 in each fiscal year 2007-08 and each fiscal year
24 thereafter, to provide supplemental funds to rural hospitals that, as determined by
25 the department, have high utilization of inpatient services by patients whose care

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

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

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

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

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

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

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

1 city hospital to the extent that the allocation would exceed any limitation under 42
2 USC 1396b (i) (3).

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

4 49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts
5 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd), the department shall may
6 distribute funding in each fiscal year to provide supplemental payment to hospitals
7 that enter into a contract under s. 49.02 (2) to provide health care services funded
8 by a relief block grant, as determined by the department, for hospital services that
9 are not in excess of the hospitals' customary charges for the services, as limited under
10 42 USC 1396b (i) (3). If no relief block grant is awarded under this chapter or if the
11 allocation of funds to such hospitals would exceed any limitation under 42 USC
12 1396b (i) (3), the department may distribute funds to hospitals that have not entered
13 into a contract under s. 49.02 (2).

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

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

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

24 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation
25 accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), and (xd), the department may

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

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

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

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

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

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

24 49.45 (52) PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the
25 department may, from the appropriation account under s. 20.435 (7) (b), make

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

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

11 49.45 (**58**) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
12 department shall establish a schedule of amounts that each health maintenance
13 organization that contracts with the department to provide medical assistance
14 services or services under s. 49.665 for a capitated payment rate shall pay monthly
15 to each hospital that serves recipients of medical assistance services or recipients of
16 services under s. 49.665. The amounts shall be based on any increase in the capitated
17 rate that the department pays a health maintenance organization, which increase
18 is intended to cover inpatient and outpatient hospital services and which is
19 associated with the assessment imposed on hospitals under s. 50.375. The
20 department shall use the information that it uses to calculate the capitated rates
21 that the department pays health maintenance organizations and encounter data
22 that is provided by the health maintenance organizations to calculate the amounts
23 in the schedule. The department shall disclose publicly the methodology it uses to
24 calculate the amounts in the schedule. The department shall recalculate the
25 amounts in the schedule at least once every 12 months.

1 (b) The department shall require, as a term of contracts with health
2 maintenance organizations to provide medical assistance services or services under
3 s. 49.665 for a capitated payment rate, that the health maintenance organization do
4 all of the following:

5 1. Monthly pay hospitals the applicable amounts in the schedule under par. (a).

6 2. For each hospital to which the health maintenance organization makes
7 payments under subd. 1., calculate the amount that results from applying the rate
8 increase derived using the methodology under par. (a) to services for which the
9 hospital submits claims to the health maintenance organization for providing
10 inpatient and outpatient services to recipients of medical assistance and recipients
11 of services under s. 49.665.

12 3. Every 6 months, and for each hospital to which the health maintenance
13 organization makes payments under subd. 1, compare the amount that the health
14 maintenance organization paid the hospital under subd. 1. for the previous 6 months
15 with the amount calculated under subd. 2. for services provided during that same
16 period, and, if the amount under subd. 2. exceeds the amount of the payments under
17 subd. 1., pay the hospital the difference within 90 days.

18 (c) If the total payments that a health maintenance organization made to a
19 hospital under par. (b) 1. for a 6 month period exceed the amount calculated under
20 par. (b) 2. for services provided during that same period, the hospital shall pay the
21 health maintenance organization the difference within 90 days after the end of the
22 6-month period.

23 (d) If the department determines that a health maintenance organization has
24 not complied with a condition under par. (b), the department shall require the health
25 maintenance organization to comply with the condition within 15 days after the

1 department's determination. The department may terminate a contract with a
2 health maintenance organization to provide medical assistance services or services
3 under s. 49.665 for a capitated payment rate for failure to comply with a condition
4 under par. (b). The department may audit health maintenance organizations to
5 determine whether they have complied with the conditions under par. (b).

6 (e) If a health maintenance organization and hospital cannot resolve the
7 amount that a health maintenance organization owes a hospital under par. (b) 3. or
8 that a hospital owes a health maintenance organization under par. (c), and either the
9 health maintenance organization or the hospital, within 6 months after the end of
10 the time period to which the disputed amount relates, requests that the department
11 determine the amount owed, the department shall determine the amount within 90
12 days after the request is made. The health maintenance organization or hospital is,
13 upon request, entitled to a contested case hearing under ch. 227 on the department's
14 determination.

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

16 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
17 under s. 20.435 (4) (b), ~~(gp), or (w), or (xd)~~, the department shall, on the part of an
18 individual who is eligible for medical assistance under sub. (3), pay premiums for or
19 purchase individual coverage offered by the individual's employer if the department
20 determines that paying the premiums for or purchasing the coverage will not be more
21 costly than providing medical assistance.

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

23 49.472 (6) (b) If federal financial participation is available, from the
24 appropriation account under s. 20.435 (4) (b), ~~(gp), or (w), or (xd)~~, the department may

1 pay medicare Part A and Part B premiums for individuals who are eligible for
2 medicare and for medical assistance under sub. (3).

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

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

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

10 **50.375 Assessment.** (1) Except as provided in subs. (2) and (7), for the
11 privilege of doing business in this state, there is imposed on each hospital an annual
12 assessment, based on the hospital's gross patient revenue, that each hospital shall
13 pay quarterly by September 1, December 1, March 1, and June 1 of each year,
14 beginning with the payment due by September 1, 2008, except that the entire annual
15 assessment for fiscal year 2007-08 shall be paid by June 1, 2008. The assessments
16 shall be deposited into the hospital assessment fund.

17 (2) At the discretion of the department, a hospital that is unable timely to make
18 a payment by a date specified under sub. (1) may be allowed to make a delayed
19 payment. A determination by the department that a hospital may not make a
20 delayed payment under this subsection is final and is not subject to review under ch.
21 227.

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

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

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

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

13 (7) This section does not apply to a critical access hospital, as defined in s. 50.33
14 (1g), or to an institution for mental diseases, as defined in s. 46.011 (1m).

15 (8) Sections 77.59 (1) to (5), (6) (intro.), (a), and (c), and (7) to (10), 77.60 (1) to
16 (7), (9), and (10), 77.61 (9) and (12) to (14), and 77.62, as they apply to the taxes under
17 subch. III of ch. 77, apply to the assessment under this section, except that the
18 amount of any assessment collected under sub. (1) shall be deposited in the Medical
19 Assistance trust fund.

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

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

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

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

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

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

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

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

15 **SECTION 32.** 146.99 of the statutes is repealed.

16 **SECTION 9221. Fiscal changes; Health and Family Services.**

17 (1) **MEDICAL ASSISTANCE.** In the schedule under section 20.005 (3) of the statutes
18 for the appropriation to the department of health and family services under section
19 20.435 (4) (b) of the statutes, as affected by the acts of 2007, the dollar amount is
20 decreased by \$60,000,000 for fiscal year 2007-08 and the dollar amount is decreased
21 by \$65,000,000 for fiscal year 2008-09 for the purposes for which the appropriation
22 is made.

23 (END)

Kennedy, Debora

From: Gauger, Michelle C - DOA [Michelle.Gauger@Wisconsin.gov]
Sent: Thursday, March 06, 2008 10:56 AM
To: Kennedy, Debora; Ryan, Robin
Subject: LRB Draft: 07-4081/2 Hospital assessment
Attachments: 07-4081/2

Good morning,

Could you please draft a change to this? In section 17, please revert back to current law for s. 49.45(5m)(am) except that the reference to appropriation 20.435(4)(gp) can be struck to reflect that the current hospital assessment has been deleted.

Please let me know if you have questions, and thank you in advance.

Michelle Gauger
(608) 266-3420

From: Frantzen, Jean [mailto:Jean.Frantzen@legis.wisconsin.gov]
Sent: Wednesday, March 05, 2008 12:08 PM
To: Gauger, Michelle C - DOA
Cc: Hanaman, Cathlene - LEGIS; Grinde, Kirsten - DOA
Subject: LRB Draft: 07-4081/2 Hospital assessment

Following is the PDF version of draft 07-4081/2.

*3/6 From Michelle, in response to DAK's question:
Keep in the bill the repeal of 49.45(5m)(ag),
bec. critical access hosps. are not paid
under this subsec. + it's misleading
(see also stricken lang. in (5m)(am)).*



State of Wisconsin
2007 - 2008 LEGISLATURE

SOON - In edit 3/6

LRB-4081/3
DAK&RLR:bk:ff
Stays

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

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

Changes
PP-1, 2, 7

SAV

do not
gen. cat.

1 AN ACT ...; relating to: the budget 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 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 hospital assessment and the associated program revenue appropriation account and, instead, authorizes DHFS to levy, enforce, and collect an annual assessment 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 annual assessment for fiscal year 2007-08 must be paid by June 1, 2008, and thereafter assessments must be paid quarterly, beginning by September 1, 2008. 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 \$207,032,800 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 quarterly 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 payment increases for inpatient or outpatient hospital services as fee for service or through health maintenance organizations (HMOs) 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 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 appropriated 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. Additionally, they are appropriated to provide \$60,000,000 in fiscal year 2007-08 and \$65,000,000 in fiscal year 2008-09, for a portion of MA program benefits; the general program revenue appropriation account for MA program benefits is decreased by \$60,000,000 in fiscal year 2007-08 and by \$65,000,000 in fiscal year 2008-09. JCF may not transfer moneys from the hospital assessment fund.

The bill requires HMOs that provide services under MA to make monthly payments to hospitals in amounts equivalent to any increase in the capitated rate that DHFS pays HMOs for serving MA recipients, which increase is intended to cover hospital services and is associated with the hospital assessment. The bill requires DHFS to determine monthly amounts, specific to each HMO and hospital, that HMOs must pay hospitals based on data that DHFS uses to calculate the capitated rates DHFS pays HMOs as well as encounter data provided by the HMOs. DHFS must redetermine the amounts at least once annually and must publicly disclose the methodology used to calculate the amounts. The bill requires that each HMO and hospital reconcile the monthly HMO payments to the hospital with actual utilization of inpatient and outpatient services by MA recipients every six months, and that the HMO or hospital, whichever is applicable, pay the other any difference within 90

days. If an HMO and hospital cannot reconcile the amount owed, upon the request of either the HMO or hospital, DHFS must 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 each year thereafter, 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 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
8 20.435 Health and family services, department		
9 of		
10 (4) HEALTH SERVICES PLANNING; REG & DELIVERY; HLTH		
11 CARE FIN; OTHER SUPPORT PGMS		

2007-08 2008-09

1	✓ (xc)	Hospital assessment fund; hospi-				
2		tal payments and refunds	SEG	B	147,032,800	149,226,000
3	✓ (xd)	Hospital assessment fund; Medi-				
4		cal Assistance program benefits	SEG	B	60,000,000	65,000,000

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

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

7 20.435 (4) (xc) *Hospital assessment fund; hospital payments and refunds.*

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

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

15 20.435 (4) (xd) *Hospital assessment fund; Medical Assistance program benefits.*
16 Biennially, from the hospital assessment fund, the amounts in the schedule to
17 provide a portion of the state share of Medical Assistance program benefits
18 administered under subch. IV of ch. 49.

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

20 25.17 (1) (gs) Hospital assessment fund (s. 25.772);

21 **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 or (xd), to nursing homes for providing care because of increased utilization of
10 nursing home services, as estimated by the department. In estimating these levels,
11 the department shall exclude any increased utilization of services provided by state
12 centers for the developmentally disabled. The department shall calculate these
13 amounts on a 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 (xd), or because of increased utilization of nursing home services, as estimated by
20 the 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),~~ and (xd). If 2 or more
25 counties jointly contract to provide services under this program and the department

1 approves the contract, Medical Assistance reimbursement is also available for
2 services 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)~~, and
5 (xd) to counties and to the department under sub. (3r) for services provided under
6 this section may not exceed the amount approved by the federal department of health
7 and human services. A county may use funds received under this section only to
8 provide services to persons who meet the requirements under sub. (4) and may not
9 use 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 (xd) and (7) (b), (bd), and (md), the department may
14 contract with organizations that meet standards under sub. (3) for performance of
15 the duties under sub. (4) and shall distribute funds for services provided by resource
16 centers.

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

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

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

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

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

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

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

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

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

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

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), or (xd) shall, except as
3 provided in pars. (bg), (bm), and (br), be determined according to a prospective
4 payment system updated annually by the department. The payment system shall
5 implement standards that are necessary and proper for providing patient care and
6 that meet quality and safety standards established under subch. II of ch. 50 and ch.
7 150. The payment system shall reflect all of the following:

8 **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), and (xd).

15 **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), and (xd), the department shall distribute not
18 more 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).

22 **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), and (xd), the department shall may
25 distribute funding in each fiscal year to provide supplemental payment to hospitals

1 that enter into a contract under s. 49.02 (2) to provide health care services funded
2 by a relief block grant, as determined by the department, for hospital services that
3 are not in excess of the hospitals' customary charges for the services, as limited under
4 42 USC 1396b (i) (3). If no relief block grant is awarded under this chapter or if the
5 allocation of funds to such hospitals would exceed any limitation under 42 USC
6 1396b (i) (3), the department may distribute funds to hospitals that have not entered
7 into a contract 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), and (xd), the department shall distribute
11 funding in each fiscal year to provide supplemental payments to hospitals that enter
12 into contracts under s. 49.02 (2) with a county having a population of 500,000 or more
13 to 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), and (xd), the department may
20 distribute funding in each fiscal year to supplement payment for services to hospitals
21 that enter into indigent care agreements, in accordance with the approved state plan
22 for services under 42 USC 1396a, with relief agencies that administer the medical
23 relief block grant under this chapter, if the department determines that the hospitals
24 serve a disproportionate number of low-income patients with special needs. If no
25 medical relief block grant under this chapter is awarded or if the allocation of funds

1 to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the
2 department may distribute funds to hospitals that have not entered into indigent
3 care agreements. The department may not distribute funds under this subsection
4 to the 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), and (xd)
7 for home health services provided by a certified home health agency or independent
8 nurse shall be made at the home health agency's or nurse's usual and customary fee
9 per patient care visit, subject to a maximum allowable fee per patient care visit that
10 is 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), and (xd), 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), ~~(gp)~~, (o), and (w),
2 and (xd) may not exceed applicable limitations on payments under 42 USC 1396a (a)
3 (30) (A).

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

5 49.45 (58) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
6 department shall establish a schedule of amounts that each health maintenance
7 organization that contracts with the department to provide medical assistance
8 services or services under s. 49.665 for a capitated payment rate shall pay monthly
9 to each hospital that serves recipients of medical assistance services or recipients of
10 services under s. 49.665. The amounts shall be based on any increase in the capitated
11 rate that the department pays a health maintenance organization, which increase
12 is intended to cover inpatient and outpatient hospital services and which is
13 associated with the assessment imposed on hospitals under s. 50.375. The
14 department shall use the information that it uses to calculate the capitated rates
15 that the department pays health maintenance organizations and encounter data
16 that is provided by the health maintenance organizations to calculate the amounts
17 in the schedule. The department shall disclose publicly the methodology it uses to
18 calculate the amounts in the schedule. The department shall recalculate the
19 amounts in the schedule at least once every 12 months.

20 (b) The department shall require, as a term of contracts with health
21 maintenance organizations to provide medical assistance services or services under
22 s. 49.665 for a capitated payment rate, that the health maintenance organization do
23 all of the following:

24 1. Monthly pay hospitals the applicable amounts in the schedule under par. (a).

1 2. For each hospital to which the health maintenance organization makes
2 payments under subd. 1., calculate the amount that results from applying the rate
3 increase derived using the methodology under par. (a) to services for which the
4 hospital submits claims to the health maintenance organization for providing
5 inpatient and outpatient services to recipients of medical assistance and recipients
6 of services under s. 49.665.

7 3. Every 6 months, and for each hospital to which the health maintenance
8 organization makes payments under subd. 1, compare the amount that the health
9 maintenance organization paid the hospital under subd. 1. for the previous 6 months
10 with the amount calculated under subd. 2. for services provided during that same
11 period, and, if the amount under subd. 2. exceeds the amount of the payments under
12 subd. 1., pay the hospital the difference within 90 days.

13 (c) If the total payments that a health maintenance organization made to a
14 hospital under par. (b) 1. for a 6 month period exceed the amount calculated under
15 par. (b) 2. for services provided during that same period, the hospital shall pay the
16 health maintenance organization the difference within 90 days after the end of the
17 6-month period.

18 (d) If the department determines that a health maintenance organization has
19 not complied with a condition under par. (b), the department shall require the health
20 maintenance organization to comply with the condition within 15 days after the
21 department's determination. The department may terminate a contract with a
22 health maintenance organization to provide medical assistance services or services
23 under s. 49.665 for a capitated payment rate for failure to comply with a condition
24 under par. (b). The department may audit health maintenance organizations to
25 determine whether they have complied with the conditions under par. (b).

1 (e) If a health maintenance organization and hospital cannot resolve the
2 amount that a health maintenance organization owes a hospital under par. (b) 3. or
3 that a hospital owes a health maintenance organization under par. (c), and either the
4 health maintenance organization or the hospital, within 6 months after the end of
5 the time period to which the disputed amount relates, requests that the department
6 determine the amount owed, the department shall determine the amount within 90
7 days after the request is made. The health maintenance organization or hospital is,
8 upon request, entitled to a contested case hearing under ch. 227 on the department's
9 determination.

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

11 49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account
12 under s. 20.435 (4) (b), ~~(gp)~~, ~~or (w)~~, or (xd), the department shall, on the part of an
13 individual who is eligible for medical assistance under sub. (3), pay premiums for or
14 purchase individual coverage offered by the individual's employer if the department
15 determines that paying the premiums for or purchasing the coverage will not be more
16 costly than providing medical assistance.

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

18 49.472 (6) (b) If federal financial participation is available, from the
19 appropriation account under s. 20.435 (4) (b), ~~(gp)~~, ~~or (w)~~, or (xd), the department may
20 pay medicare Part A and Part B premiums for individuals who are eligible for
21 medicare and for medical assistance under sub. (3).

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

23 49.473 (5) The department shall audit and pay, from the appropriation
24 accounts under s. 20.435 (4) (b), ~~(gp)~~, ~~and (o)~~, and (xd), allowable charges to a provider
25 who is certified under s. 49.45 (2) (a) 11. for medical assistance on behalf of a woman

1 who meets the requirements under sub. (2) for all benefits and services specified
2 under s. 49.46 (2).

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

4 **50.375 Assessment.** (1) Except as provided in subs. (2) and (7), for the
5 privilege of doing business in this state, there is imposed on each hospital an annual
6 assessment, based on the hospital's gross patient revenue, that each hospital shall
7 pay quarterly by September 1, December 1, March 1, and June 1 of each year,
8 beginning with the payment due by September 1, 2008, except that the entire annual
9 assessment for fiscal year 2007-08 shall be paid by June 1, 2008. The assessments
10 shall be deposited into the hospital assessment fund.

11 (2) At the discretion of the department, a hospital that is unable timely to make
12 a payment by a date specified under sub. (1) may be allowed to make a delayed
13 payment. A determination by the department that a hospital may not make a
14 delayed payment under this subsection is final and is not subject to review under ch.
15 227.

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

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

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

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

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

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

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

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

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

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

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

23 (e) The total amount of Medical Assistance payments made to each hospital and
24 the portion of the Medical Assistance capitated payments made to health

1 maintenance organizations for inpatient and outpatient hospital services from
2 appropriation accounts of general purpose revenues.

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

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

9 **SECTION 32.** 146.99 of the statutes is repealed.

10 **SECTION 9221. Fiscal changes; Health and Family Services.**

11 (1) MEDICAL ASSISTANCE. In the schedule under section 20.005 (3) of the statutes
12 for the appropriation to the department of health and family services under section
13 20.435 (4) (b) of the statutes, as affected by the acts of 2007, the dollar amount is
14 decreased by \$60,000,000 for fiscal year 2007-08 and the dollar amount is decreased
15 by \$65,000,000 for fiscal year 2008-09 for the purposes for which the appropriation
16 is made.

17 (END)

Kennedy, Debora

From: Gauger, Michelle C - DOA [Michelle.Gauger@Wisconsin.gov]
Sent: Friday, March 07, 2008 11:25 AM
To: Kennedy, Debora; Ryan, Robin
Cc: Kraus, Jennifer - DOA
Subject: 07-4081/3 Hospital assessment
Attachments: 07-4081/3; PIP rewrite.doc

Debora,

I am sorry for the short notice but I have a change to the draft that needs to be completed as soon as possible. DHFS has written the attached instructions (PIP rewrite) that simplifies the managed care pass-through methodology in order to comply with recently released federal rules.

In addition, the provisions that cover the return of the assessment to hospitals if federal matching revenues are not received can be read so that only the portion of the revenue to be used for hospital supplements will be returned. Please edit the draft so that all revenues are returned, including those for Medical Assistance benefits:

Return of Assessment Funds if State does not receive federal approval s. 50.375 (6)

✓ Current language only refers to portion of revenue collected for rate increases not the portion used to support the MA program. It appears the intent is to retain this portion even if the assessment is ineligible for federal funding.

see clarifying lang.

Again, sorry for the late notice, and please let me know if you have any questions.

Michelle Gauger
(608) 266-3420

From: Natzke, Noah [mailto:Noah.Natzke@legis.wisconsin.gov]
Sent: Thursday, March 06, 2008 2:19 PM
To: Gauger, Michelle C - DOA
Cc: Hanaman, Cathlene - LEGIS; Grinde, Kirsten - DOA
Subject: LRB Draft: 07-4081/3 Hospital assessment

Following is the PDF version of draft 07-4081/3.

Section 27 49.45 (58) Health Maintenance Organization Payments to Hospitals.

(a) The department shall establish a schedule of amounts that each HMO that contracts with the department to provide MA services shall pay monthly to hospitals that serve MA recipients who are members of the HMO. The amount for payments to hospitals shall be based on any increase in the capitated rate that the department pays the HMO which is intended to cover inpatient and outpatient hospital services and which is associated with the assessment imposed on hospitals under s. 50.375....

(b) The department shall require, as a term of contracts with HMOs to provide MA services that the HMO shall do all of the following:

1. Monthly pay hospitals the applicable amounts identified under par (a).
2. For the payments made under subd. 1, the HMO shall calculate the amounts that result from applying the rate increase derived from using the methodology under par. (a) for services for which hospitals submit claims to the HMOs.
3. Every 6 months the HMO shall compare the amount that the HMO paid to hospitals under subd. 1. for the previous 6 months with the amount calculated under subd.2. for services provided during that same period, and, if the amount under subd. 2. exceed the amount of the payments under subd.1 pay hospitals the difference within 90 days.

(c) If the department determines that a HMO has not complied with a condition under par. (b), the department shall require the HMO to comply with the condition within 15 days after the department's determination. The department may terminate a contract with a HMO for failure to comply with a condition under par. (b). The department may audit HMOs to determine whether they have complied with the conditions under par. (b).

more than one amount discussed in (a) presumably want amount in schedule

Presumably still... communication... for... 2... 2008

Kennedy, Debora

From: James Johnston [JohnsJT@dhfs.state.wi.us]
Sent: Friday, March 07, 2008 5:19 PM
To: Kennedy, Debora
Cc: Albertoni, Richard S - DHFS; Helgerson, Jason A - DHFS; McIlquham, Cheryl J - DHFS; Ryan, Robin; Gauger, Michelle C - DOA
Subject: RE: 07-4081/3 Hospital assessment

Attachments: more Drafting Changes for LRB.doc



more Drafting
Changes for LRB...

This time with attachment
>>> "Kennedy, Debora" <Debora.Kennedy@legis.wisconsin.gov> 3/7/2008 5:09
>>> PM >>>
Jim, you didn't send the attachment.
Debora

-----Original Message-----
From: James Johnston [mailto:JohnsJT@dhfs.state.wi.us]
Sent: Friday, March 07, 2008 5:03 PM
To: Kennedy, Debora; Ryan, Robin; Gauger, Michelle C - DOA
Cc: Albertoni, Richard S - DHFS; Helgerson, Jason A - DHFS; McIlquham, Cheryl J - DHFS
Subject: RE: 07-4081/3 Hospital assessment

Hi Debora and Robin,

Attached are some additional instructions for the assessment draft based on this afternoon's discussions.

Thanks,
Jim

* * * * *
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>>> "Gauger, Michelle C - DOA" <Michelle.Gauger@Wisconsin.gov> 3/7/2008
>>> 3:44 PM >>>
Jim Johnston, who now works at DHFS, will be sending a request for additional, mostly technical changes to this draft this afternoon following a meeting with hospital representatives. When the changes are completed, can you please send the revised draft to both him and me?

Thank you, yet again.

Michelle Gauger

Additional Drafting Changes for LRB# 4081/3

MA benefits portion of the assessment revenue

Modify s. 25.772 to transfer \$58.5 million in State Fiscal Year 2008 and \$65 million in State Fiscal Year 2009 to the MA trust fund under s. 25.77.

To reflect this transfer delete or zero out s. 20.435 (4)(xd) and increase appropriation s. 20 435 (4)(w) by \$58.5 million in State Fiscal Year 2008 and \$65 million.

The intent of these changes is to pay the MA program benefits portion of the hospital assessment revenue to the MA trust fund and expend the funding from there. This separation clarifies that the hospital fund is exclusively for hospital payment and allows the MA benefits program portion to potentially fund all aspects of the MA program as linked to s. 20.425(4)(w).

Interaction of existing assessment in FY08 and new assessment in FY08 under s.146.99

Decrease the assessment amount by \$1.5 million in State Fiscal Year 2008 from \$207,032,800 to \$205,532,800.

The intent of this change is to reflect that the new assessment includes the existing assessment into the amounts to be assessed in FY08 and FY09. For FY08 the existing \$1.4 million assessment has already been collected.

Program Sunset

Sunset the ability to impose the assessment under s. 50.375 ending with the payment due June 2009. See 50.375 (1) + (10)

Rural Supplement

Under s. 49.45(5m)(am) increase the rural hospital supplement amount by \$3 million. This change will require the department to distribute not more than \$5,256,000/FY.

Non Statutory Provision - section 9221 -Lapse from MA in SFY09

Modify the lapse amount as follows:
\$62.5 million in State Fiscal Year 2009

58,500,000
147,032,800
205,532,800

Kennedy, Debora

From: James Johnston [JohnsJT@dhfs.state.wi.us]
Sent: Friday, March 07, 2008 5:37 PM
To: Kennedy, Debora; Ryan, Robin; Gauger, Michelle C - DOA
Cc: Albertoni, Richard S - DHFS; McIlquham, Cheryl J - DHFS
Subject: Drafting for Hosptial Assessment Bill LRB#4081/3

One more minor clarification - it appears that the deposit language under s.50.375 may be inconsistent. s.50.375 (1) requires that the hospital assessments be deposited into the hospital assessment fund while s.50.375 (8) states that the assessments shall be deposited into the MA trust fund. I believe the reference to depositing the assessment revenue into the hospital assessment fund is what is intended.

* * * * *

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Kennedy, Debora

From: Gauger, Michelle C - DOA [Michelle.Gauger@Wisconsin.gov]
Sent: Monday, March 10, 2008 9:02 AM
To: Kennedy, Debora; Ryan, Robin
Cc: Albertoni, Richard S - DHFS; Helgerson, Jason A - DHFS; McIlquham, Cheryl J - DHFS; James Johnston; Kraus, Jennifer - DOA
Subject: RE: 07-4081/3 Hospital assessment

Importance: High

Good morning, all,

Sorry for the confusion this will cause but the fiscal amounts to be used in the draft are different than the ones sent on Friday. Here is a comprehensive list:

1) Change the amount of the assessment to be collected in 2007-08 to ~~\$204,032,800~~ ^{\$203,532,800}. Originally, the assessment was to be \$205,032,800 but \$1.5 million of that has already been collected in the current law assessment. The amount of the assessment to be collected in 2008-09 is \$212,726,500.

2) Of this, transfer to the Medical Assistance Trust Fund (20.435(4)(w)) \$58.5 million in 2007-08 and \$65 million in 2008-09 and increase spending authority in 20.435(4)(w) by the amount of the transfer. Because of the transfer, appropriation 20.435(4)(xd) is no longer needed. This will leave \$145,032,800 in 2007-08 and \$147,726,500 in 2008-09 to be used for increased payments to hospitals.

3) Increase spending authority in 20.435(4)(o) by \$197,543,100 in 2007-08 and by \$215,644,200 in 2008-09 to reflect the increase in expenditures of federal revenue.

4) Delete the current law hospital assessment including appropriation 20.435(4)(gp). There is no fiscal change in 2007-08 since the current year assessment has already been collected and spent. This will decrease funding for Medicaid by \$1.5 million PR in 2008-09 which will be offset by existing starting balances.

3) Write down GPR appropriation 20.435(4)(b) by \$60 million in 2007-08 and by \$62.5 million in 2008-09. This will decrease overall funding for Medicaid by \$1.5 million in 2007-08 but this will be offset by starting balances and other savings in the program. This will increase funding by \$2.5 million GPR in 2008-09 which will be used to increase payments to rural hospitals and IMDs.

Please let me know if you have any questions, and thank you in advance.

Michelle Gauger

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Forward; Ryan, Robin - LEGIS; Gauger, Michelle C - DOA
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STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

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Library (608-266-7040)

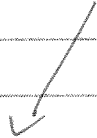
Legal (608-266-3561)

LRB

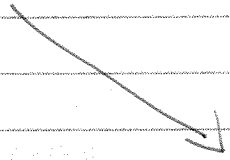
07-08
ASSESSMENT



203,532,800



145,032,800
hosp. increase



58,500,000
MA trust fund



20.435(4)(w)

08-09
ASSESSMENT



212,726,500



147,726,500
hosp. increase



\$65,000,000
MATF



20.435
(4)(w)

Decrease 20.435(4)(b)

2007-08

2008-09

60,000,000

62,500,000