



# 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
- (E) ↙

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

**2007 LRB-4268**

(Special Session Mr8 ... Budget Adjustment Bill)



( Now )  
State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-4081/56  
DAK&RLR:bk&cs:rs

stays

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

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

changes on  
pp 2, 14,  
+ 16

Repeal 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), 25.17 (1) (gs), 25.77 (11),  
7           25.772, 49.45 (58) and 50.375 of the statutes; **relating to:** the budget  
8           adjustment bill.

***Analysis by the Legislative Reference Bureau***

**HEALTH AND HUMAN SERVICES**

**MEDICAL ASSISTANCE**

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

program benefits  
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 annual hospital assessment and the associated program revenue appropriation account and, instead, authorizes DHFS to levy, enforce, and collect assessments on the gross patient revenue of hospitals, based on claims information collected by an entity from hospitals under the laws relating to health care information or based on any other source that is approved in the state Medicaid plan. Under the bill, the entire assessment for fiscal year 2007-08 must be paid by June 1, 2008, and thereafter assessments must be paid by September 1, 2008, December 1, 2008, March 1, 2009, and June 1, 2009. DHFS must verify the amount of each hospital's gross patient revenue and determine the amount of the assessment owed by each hospital based on a uniform rate applicable to total gross patient revenue that DHFS estimates will yield \$205,532,800 in fiscal year 2007-08 and \$214,226,000 in fiscal year 2008-09. DHFS may allow delayed payment by hospitals that are unable to pay by the assessment dates; a DHFS determination that a hospital may not make a delayed payment is not subject to an administrative appeal process. If DHFS determines that any portion of the revenue needed to provide MA payment increases for inpatient or outpatient hospital services as fee for service or through health maintenance organizations (HMOs) or to support the MA Program is not eligible for the federal Medicaid share, DHFS must refund that amount to hospitals in proportion to each hospital's assessment payment. The assessments must be deposited into a separate, nonlapsible trust fund, as created in the bill (the hospital assessment fund).

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

, less any refunds  
required,

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

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

Under the bill, DHFS must report, by December 31, 2008, and by December 31, 2009, to JCF all of the following information for the immediately previous state fiscal year: (1) the total amount of hospital assessments collected; (2) the total amount of assessments collected from each hospital; (3) the total amounts that DHFS determines were paid to HMOs for increased MA payments to hospitals; (4) the total amount of these payments made to each hospital by HMOs; (5) the total amount of these payments made to each hospital and the portion of the capitated payments made to HMOs for inpatient and outpatient hospital services from general purpose revenues; (6) the total amounts, including amounts under (3), that DHFS determines were paid to HMOs for MA payments to hospitals; and (7) the results of any audits conducted by DHFS concerning these payments to HMOs and any actions taken by DHFS as the result of such an audit.

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

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

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

2           13.101 (18) Notwithstanding sub. (4), the committee may not transfer moneys  
3 from the appropriation account under s. 20.435 (4) (xc) to another appropriation  
4 account.

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

2007-08      2008-09

1  
2 **20.435 Health and family services, department**  
3 **of**

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

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

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

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

10 20.435 (4) (xc) *Hospital assessment fund; hospital payments and refunds.*

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

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

18 25.17 (1) (gs) Hospital assessment fund (s. 25.772);

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

20 25.77 (11) All moneys transferred under 2007 Wisconsin Act .... (this act),  
21 section 9221 (2).

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

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

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

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

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

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

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

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

**SECTION 10**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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).

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), the department shall distribute not more  
18 than \$4,748,000 in each fiscal year, to provide funds to an essential access city  
19 hospital, except that the department may not allocate funds to an essential access  
20 city hospital to the extent that the allocation would exceed any limitation under 42  
21 USC 1396b (i) (3).

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), the department shall may distribute funding  
25 in each fiscal year to provide supplemental payment to hospitals that enter into a

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

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

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

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

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

**SECTION 23**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SECTION 31

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

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

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

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

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

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

program benefits and

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

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

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

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

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

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

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

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

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



**SECTION 31**

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

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

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

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

*The department of administration shall transfer*

10 (2) **HOSPITAL ASSESSMENT FUND TRANSFER.** ~~There is transferred~~ from the hospital  
11 assessment fund to the Medical Assistance trust fund \$58,500,000 in fiscal year  
12 2007-08 and \$65,000,000 in fiscal year 2008-09.

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

19 (END)

*, as adjusted, if necessary, to comply with section 50.375 (6) of the statutes, as created by this act*



State of Wisconsin  
2007 - 2008 LEGISLATURE

LRB-4081/6  
DAK&RLR:bk&cs:nwn

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

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1     **AN ACT** *to repeal* 20.435 (4) (gp), 49.45 (5m) (ag) and 146.99; *to amend* 46.27  
2           (9) (a), 46.27 (10) (a) 1., 46.275 (5) (a), 46.275 (5) (c), 46.283 (5), 46.284 (5) (a),  
3           46.485 (2g) (intro.), 49.45 (2) (a) 17., 49.45 (5m) (am), 49.45 (6m) (ag) (intro.),  
4           49.45 (6v) (b), 49.45 (6x) (a), 49.45 (6y) (a), 49.45 (6y) (am), 49.45 (6z) (a) (intro.),  
5           49.45 (8) (b), 49.45 (24m) (intro.), 49.45 (52), 49.472 (6) (a), 49.472 (6) (b) and  
6           49.473 (5); and *to create* 13.101 (18), 20.435 (4) (xc), 25.17 (1) (gs), 25.77 (11),  
7           25.772, 49.45 (58) and 50.375 of the statutes; **relating to:** the budget  
8           adjustment bill.

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*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 annual hospital assessment and the associated program revenue appropriation account and, instead, authorizes DHFS to levy, enforce, and collect assessments on the gross patient revenue of hospitals, based on claims information collected by an entity from hospitals under the laws relating to health care information or based on any other source that is approved in the state Medicaid plan. Under the bill, the entire assessment for fiscal year 2007-08 must be paid by June 1, 2008, and thereafter assessments must be paid by September 1, 2008, December 1, 2008, March 1, 2009, and June 1, 2009. DHFS must verify the amount of each hospital's gross patient revenue and determine the amount of the assessment owed by each hospital based on a uniform rate applicable to total gross patient revenue that DHFS estimates will yield \$205,532,800 in fiscal year 2007-08 and \$214,226,000 in fiscal year 2008-09. DHFS may allow delayed payment by hospitals that are unable to pay by the assessment dates; a DHFS determination that a hospital may not make a delayed payment is not subject to an administrative appeal process. If DHFS determines that any portion of the revenue needed to provide MA program benefits and payment increases for inpatient or outpatient hospital services as fee for service or through health maintenance organizations (HMOs) or to support the MA Program is not eligible for the federal Medicaid share, DHFS must refund that amount to hospitals in proportion to each hospital's assessment payment. The assessments must be deposited into a separate, nonlapsible trust fund, as created in the bill (the hospital assessment fund).

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

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

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

Under the bill, DHFS must report, by December 31, 2008, and by December 31, 2009, to JCF all of the following information for the immediately previous state fiscal year: (1) the total amount of hospital assessments collected; (2) the total amount of assessments collected from each hospital; (3) the total amounts that DHFS determines were paid to HMOs for increased MA payments to hospitals; (4) the total amount of these payments made to each hospital by HMOs; (5) the total amount of these payments made to each hospital and the portion of the capitated payments made to HMOs for inpatient and outpatient hospital services from general purpose revenues; (6) the total amounts, including amounts under (3), that DHFS determines were paid to HMOs for MA payments to hospitals; and (7) the results of any audits conducted by DHFS concerning these payments to HMOs and any actions taken by DHFS as the result of such an audit.

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

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

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

2           13.101 (18) Notwithstanding sub. (4), the committee may not transfer moneys  
3 from the appropriation account under s. 20.435 (4) (xc) to another appropriation  
4 account.

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

2007-08      2008-09

1  
2 **20.435 Health and family services, department**  
3 **of**

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

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

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

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

10 20.435 (4) (xc) *Hospital assessment fund; hospital payments and refunds.*

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

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

18 25.17 (1) (gs) Hospital assessment fund (s. 25.772);

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

20 25.77 (11) All moneys transferred under 2007 Wisconsin Act .... (this act),  
21 section 9221 (2).

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

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

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

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

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

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

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

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

**SECTION 10**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



**SECTION 18**

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

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).

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), the department shall distribute not more  
18 than \$4,748,000 in each fiscal year, to provide funds to an essential access city  
19 hospital, except that the department may not allocate funds to an essential access  
20 city hospital to the extent that the allocation would exceed any limitation under 42  
21 USC 1396b (i) (3).

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), the department shall may distribute funding  
25 in each fiscal year to provide supplemental payment to hospitals that enter into a

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SECTION 31**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



