



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1152/P4

RLR:kjf/jf

PS

In 1/26/09

DOA:.....Willing, BAB0002 - Hospital assessment

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

RMR

Don't Gen

eligible

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

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**HOSPITAL ASSESSMENT**

Under current law, the state assesses hospitals a total of \$1,500,000 each year. The amount each hospital pays is allocated in proportion to the hospital's gross private pay revenues. The hospital assessment revenue is used to support the Medical Assistance (MA) Program, long-term care programs, and community-based mental health services.

This bill increases the amount of the hospital assessment to \$275,445,110 for state fiscal year 2008-09. The bill provides that the amount of the assessment in future years shall be established in the biennial budget act. The bill charges the total assessment amount against hospitals in proportion to their gross patient revenues. The bill exempts critical access hospitals, institutions for mental diseases, and certain psychiatric hospitals that are not a satellite of an acute care hospital from the assessment. Under the bill, hospitals must pay the assessment in four quarterly installments, except that in state fiscal year (SFY) 2008-09, the payments must be made in two installments, due at the end of March and June. However, the bill allows DHS to extend the deadline for payment of the assessment for hospitals that are unable to make timely payments.

The bill provides that a specified portion of the assessment revenue shall be used to pay hospitals for services provided under MA and transfers the remaining

eligible

are eligible hospitals

Under the bill, all hospitals in the state other than

amount of assessment revenue to the MA trust fund. Under the bill, the portion of the assessment revenue used to pay for hospital services in SFY 2008-09 is equal to the state share of MA times the amount of the total assessment revenue divided by 57.75 percent. Assuming a state share of 41.06 percent, DHS must use \$195,840,300 of the assessment revenue to pay hospitals, amounting to payments of \$476,961,200, all funds. In SFY 2008-09, the remaining \$79,604,800 of the assessment revenue is transferred to the MA trust fund. Of the amount transferred to the MA trust fund, 0.5 percent (\$398,000) is appropriated to DHS for the administrative costs associated with the hospital assessment and the other \$79,206,800 is appropriated for MA. For SFY 2008-09, the bill also appropriates general purpose revenue in the amount of \$750,000 for supplemental payments to certain rural hospitals in counties that border another state. Finally, in SFY 2008-09, the bill reduces the amount of general purpose revenues appropriated for MA by \$78,456,800.

Beginning in SFY 2009-10, the portion of the assessment revenues allocated for payment of hospital services under MA is equal to the state share of MA times the amount of the total assessment revenue divided by 61.68 percent. The remainder of the hospital assessment revenue is transferred to the MA trust fund. One-half of one percent of the transferred amount is appropriated to DHS for administrative costs associated with the hospital assessment. Also beginning in SFY 2009-10, the bill appropriates \$3,000,000 annually from the MA trust fund to the University of Wisconsin Hospitals and Clinics for the costs of providing uncompensated care.

The bill provides that DHS shall spend the portion of the hospital assessment revenue that is allocated to pay for hospital services under MA on the following: increased reimbursement for hospitals that are reimbursed on a fee-for-service basis and are required to pay the assessment; payments to health maintenance organizations (HMOs) that the HMOs must use to increase reimbursement to hospitals that are required to pay the assessment; an increase of \$2,744,000 in supplemental payments to certain rural hospitals; \$8,000,000 in supplemental payments to hospitals that satisfy criteria established by the American College of Surgeons for classification as a Level I adult trauma center; and supplemental payments to hospitals based on performance, under a methodology developed by DHS.

The bill provides that if the federal government does not contribute the federal share under MA for any portion of the hospital assessment revenue allocated to pay for hospital services, DHS must refund that portion of the assessment revenue to the hospitals. DHS must make any refunds to hospitals in proportion to the percentage of the assessment that the hospitals paid.

The bill eliminates the hospital assessment, and provisions for expenditure of the assessment revenue, on July 1, 2013.

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

eligible

requires DHS to pay

\$3,000,000 annually from the MA trust fund

eligible

1 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
2 the following amounts for the purposes indicated:

3 2007-08 2008-09

4 **20.435 Health services, department of**

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

7 (xc) Hospital assessment fund; hospi-  
8 tal payments SEG A -0- 275,445,100

9 SECTION 2. 20.285 (6) (q) of the statutes is created to read:

10 20.285 (6) (q) *Uncompensated care.* From the Medical Assistance trust fund,  
11 the amounts in the schedule for providing hospital services for which the University  
12 of Wisconsin Hospitals and Clinics is not otherwise compensated.

13 SECTION 3. 20.285 (6) (q) of the statutes, as created by 2009 Wisconsin Act ....  
14 (this act), is repealed.

15 SECTION 4. 20.435 (4) (gp) of the statutes is repealed.

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

17 20.435 (4) (gr) *Hospital assessment administration.* All moneys transferred  
18 under s. 50.38 (9) for administration of the hospital assessment under s. 50.38.  
19 Notwithstanding s. 20.001 (3) (c), the unencumbered balance on June 30 of each  
20 odd-numbered year shall be transferred to the Medical Assistance trust fund.

INS  
3-20

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

22 20.435 (4) (xc) *Hospital assessment fund; hospital payments.* From the hospital  
23 assessment fund, the amounts in the schedule to reimburse eligible hospitals for  
24 services provided under the Medical Assistance Program under subch. IV of ch. 49,

1 make payments to health maintenance organizations under s. 49.45 (59), provide  
2 supplemental funds to rural hospitals under s. 49.45 (5m) (am), make supplemental  
3 payments to Level I adult trauma centers under s. 49.45 (6y) (ap), make  
4 supplemental payments to hospitals based on performance under s. 49.45 (6y) (ar),  
5 make refunds under s. 50.38 (6), and make the transfer under s. 50.38 (8).

6 **SECTION 7.** 25.77 (11) of the statutes is created to read:

7 **25.77 (11)** All moneys transferred under s. 50.38 (8).

8 **SECTION 8.** 25.772 of the statutes is created to read:

9 **25.772 Hospital assessment fund.** There is established a separate  
10 nonlapsible trust fund designated as the hospital assessment fund, to consist of all  
11 moneys received under s. 50.38 (2) from assessments on hospitals.

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

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

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

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

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

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

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

11 **SECTION 12.** 46.275 (5) (c) of the statutes is amended to read:

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

19 **SECTION 13.** 46.283 (5) of the statutes is amended to read:

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

24 **SECTION 14.** 46.284 (5) (a) of the statutes is amended to read:

1           46.284 (5) (a) From the appropriation accounts under s. 20.435 (4) (b), (g), ~~(gp)~~,  
2           (im), (o), and (w) and (7) (b), (bd), and (g), the department shall provide funding on  
3           a capitated payment basis for the provision of services under this section.  
4           Notwithstanding s. 46.036 (3) and (5m), a care management organization that is  
5           under contract with the department may expend the funds, consistent with this  
6           section, including providing payment, on a capitated basis, to providers of services  
7           under the family care benefit.

8           **SECTION 15.** 46.485 (2g) (intro.) of the statutes is amended to read:

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

15          **SECTION 16.** 49.45 (2) (a) 17. of the statutes is repealed.

16          **SECTION 17.** 49.45 (3) (e) 8. of the statutes is repealed.

17          **SECTION 18.** 49.45 (3) (e) 11. of the statutes is created to read:

18          49.45 (3) (e) 11. The department shall use a portion of the moneys collected  
19          under s. 50.38 to pay for services provided by eligible hospitals, as defined in s. 50.38  
20          (1), under the Medical Assistance Program under this subchapter, including services  
21          reimbursed on a fee-for-service basis and services provided under a managed care  
22          system. For state fiscal year 2008-09, total payments under this subdivision shall  
23          equal the state share under the Medical Assistance Program of the amount collected  
24          under s. 50.38 (2) for fiscal year 2008-09 divided by 57.75 percent. For each state  
25          fiscal year after state fiscal year 2008-09, total payments under this subdivision

1 shall equal the state share under the Medical Assistance Program of the amount  
2 collected under s. 50.38 (2) for the fiscal year divided by 61.68 percent.

3 **SECTION 19.** 49.45 (5m) (am) of the statutes is amended to read:

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

13 **SECTION 20.** 49.45 (5m) (am) of the statutes, as affected by 2009 Wisconsin Act  
14 .... (this act), is amended to read:

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

22 **SECTION 21.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

23 49.45 (**6m**) (ag) (intro.) Payment for care provided in a facility under this  
24 subsection made under s. 20.435 (4) (b), (~~gp~~), (o), (pa), or (w) shall, except as provided  
25 in pars. (bg), (bm), and (br), be determined according to a prospective payment

1 system updated annually by the department. The payment system shall implement  
2 standards that are necessary and proper for providing patient care and that meet  
3 quality and safety standards established under subch. II of ch. 50 and ch. 150. The  
4 payment system shall reflect all of the following:

5 **SECTION 22.** 49.45 (6v) (b) of the statutes is amended to read:

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

12 **SECTION 23.** 49.45 (6x) (a) of the statutes is amended to read:

13 49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
14 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall distribute not more  
15 than \$4,748,000 in each fiscal year, to provide funds to an essential access city  
16 hospital, except that the department may not allocate funds to an essential access  
17 city hospital to the extent that the allocation would exceed any limitation under 42  
18 USC 1396b (i) (3).

19 **SECTION 24.** 49.45 (6y) (a) of the statutes is amended to read:

20 49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
21 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department ~~shall~~ may distribute funding  
22 in each fiscal year to provide supplemental payment to hospitals that enter into a  
23 contract under s. 49.02 (2) to provide health care services funded by a relief block  
24 grant, as determined by the department, for hospital services that are not in excess  
25 of the hospitals' customary charges for the services, as limited under 42 USC 1396b



1 (i) (3). If no relief block grant is awarded under this chapter or if the allocation of  
2 funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the  
3 department may distribute funds to hospitals that have not entered into a contract  
4 under s. 49.02 (2).

5 **SECTION 25.** 49.45 (6y) (am) of the statutes is amended to read:

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

13 **SECTION 26.** 49.45 (6y) (ap) of the statutes is created to read:

14 49.45 (6y) (ap) Notwithstanding sub. (3) (e), from the appropriation accounts  
15 under s. 20.435 (4) (o) and (xc), the department shall distribute not more than  
16 \$8,000,000 in each fiscal year as supplemental payments to hospitals that satisfy the  
17 criteria established by the American College of Surgeons for classification as a Level  
18 I adult trauma center, except that the department may not make payments that  
19 exceed limitations based on customary charges under 42 USC 1396b (i) (3).

20 **SECTION 27.** 49.45 (6y) (ap) of the statutes, as created by 2009 Wisconsin Act  
21 .... (this act), is repealed.

22 **SECTION 28.** 49.45 (6y) (ar) of the statutes is created to read:

23 49.45 (6y) (ar) Notwithstanding sub (3) (e), the department may, from the  
24 appropriation account under s. 20.435 (4) (xc), make supplemental payments to  
25 hospitals based on hospital performance, in accordance with a payment methodology

1 developed by the department, except that the department may not make payments  
2 that exceed limitations based on customary charges under 42 USC 1396b (i) (3).

3 **SECTION 29.** 49.45 (6y) (ar) of the statutes, as created by 2009 Wisconsin Act  
4 .... (this act), is repealed.

5 **SECTION 30.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

6 49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation  
7 accounts under s. 20.435 (4) (b), (~~gp~~), (o), and (w), the department may distribute  
8 funding in each fiscal year to supplement payment for services to hospitals that enter  
9 into indigent care agreements, in accordance with the approved state plan for  
10 services under 42 USC 1396a, with relief agencies that administer the medical relief  
11 block grant under this chapter, if the department determines that the hospitals serve  
12 a disproportionate number of low-income patients with special needs. If no medical  
13 relief block grant under this chapter is awarded or if the allocation of funds to such  
14 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department  
15 may distribute funds to hospitals that have not entered into indigent care  
16 agreements. The department may not distribute funds under this subsection to the  
17 extent that the distribution would do any of the following:

18 **SECTION 31.** 49.45 (8) (b) of the statutes is amended to read:

19 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), (~~gp~~), (o), and (w) for home  
20 health services provided by a certified home health agency or independent nurse  
21 shall be made at the home health agency's or nurse's usual and customary fee per  
22 patient care visit, subject to a maximum allowable fee per patient care visit that is  
23 established under par. (c).

24 **SECTION 32.** 49.45 (24m) (intro.) of the statutes is amended to read:

1           49.45 **(24m)** (intro.) From the appropriation accounts under s. 20.435 (4) (b),  
2       (~~gp~~), (o), and (w), in order to test the feasibility of instituting a system of  
3       reimbursement for providers of home health care and personal care services for  
4       medical assistance recipients that is based on competitive bidding, the department  
5       shall:

6           **SECTION 33.** 49.45 (52) of the statutes is amended to read:

7           49.45 **(52)** PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the  
8       department may, from the appropriation account under s. 20.435 (7) (b), make  
9       Medical Assistance payment adjustments to county departments under s. 46.215,  
10      46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01  
11      (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and  
12      (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment  
13      adjustments under this subsection shall include the state share of the payments.  
14      The total of any payment adjustments under this subsection and Medical Assistance  
15      payments made from appropriation accounts under s. 20.435 (4) (b), (~~gp~~), (o), and (w),  
16      may not exceed applicable limitations on payments under 42 USC 1396a (a) (30) (A).

17          **SECTION 34.** 49.45 (59) of the statutes is created to read:

18          49.45 **(59)** HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a)  
19      Except as provided under par. (h), the department shall, from the appropriation  
20      account under s. 20.435 (4) (xc), pay each health maintenance organization with  
21      which it contracts to provide medical assistance a monthly amount that the health  
22      maintenance organization shall use to make payments to hospitals under par. (b).

23          (b) Except as provided under par. (h), health maintenance organizations shall  
24      pay all of the moneys they receive under par. (a) to eligible hospitals, as defined in  
25      s. 50.38 (1), within 15 days after receiving the moneys. The department shall specify

1 in contracts with health maintenance organizations to provide medical assistance a  
2 method that health maintenance organizations shall use to allocate the amounts  
3 received under par. (a) among eligible hospitals based on the number of discharges  
4 from inpatient stays and the number of outpatient visits for which the health  
5 maintenance organization paid such a hospital in the previous month for enrollees  
6 who are recipients of medical assistance, except enrollees who receive medical  
7 assistance under s. 49.45 (23). Payments under this paragraph shall be in addition  
8 to any amount that a health maintenance organization is required by agreement  
9 between the health maintenance organization and a hospital to pay the hospital for  
10 providing services to the health maintenance organization's enrollees.

11 (c) Except as provided under par. (h), each health maintenance organization  
12 that provides medical assistance shall report to the department each month the  
13 amount it paid each hospital under par. (b) and the percentage of the total payments  
14 it made under par. (b) that it paid to each hospital.

15 (d) Except as provided under par. (h), each health maintenance organization  
16 that provides medical assistance shall report monthly to each hospital to which the  
17 health maintenance organization makes payments under par. (b) such information  
18 regarding the payments that the department specifies in its contract with the health  
19 maintenance organization to provide medical assistance.

20 (e) 1. If the department determines that a health maintenance organization  
21 has not complied with a requirement under pars. (b) to (d), the department shall  
22 order the health maintenance organization to comply with the requirement within  
23 15 days after the department's determination of noncompliance.

1           2. The department may terminate a contract with a health maintenance  
2 organization to provide medical assistance if the health maintenance organization  
3 fails to comply with a requirement under pars. (b) to (d).

4           3. The department may audit a health maintenance organization to determine  
5 whether the health maintenance organization has complied with the requirements  
6 under pars. (b) to (d).

7           (f) The department shall specify in contracts with health maintenance  
8 organizations to provide medical assistance the method for adjusting payments  
9 under par. (b) to correct a health maintenance organization's inaccurate counting of  
10 inpatient discharges or outpatient visits in calculating a monthly payment to a  
11 hospital under par. (b).

12           (g) If a health maintenance organization and hospital do not agree on the  
13 amount of a monthly payment that the health maintenance organization is required  
14 to pay the hospital under par. (b), either the health maintenance organization or the  
15 hospital, within 6 months after the first day of the month in which the payment is  
16 due, may request that the department determine the amount of the payment. The  
17 department shall determine the amount of the payment within 60 days after the  
18 request for a determination is made. The health maintenance organization or  
19 hospital is, upon request, entitled to a contested case hearing under ch. 227 on the  
20 department's determination.

21           (h) Paragraphs (a) to (d) do not apply after June 30, 2013.

22           **SECTION 35.** 49.472 (6) (a) of the statutes is amended to read:

23           49.472 (6) (a) Notwithstanding sub. (4) (a) 3., from the appropriation account  
24 under s. 20.435 (4) (b), ~~(gp)~~, or (w), the department shall, on the part of an individual  
25 who is eligible for medical assistance under sub. (3), pay premiums for or purchase

1 individual coverage offered by the individual's employer if the department  
2 determines that paying the premiums for or purchasing the coverage will not be more  
3 costly than providing medical assistance.

4 **SECTION 36.** 49.472 (6) (b) of the statutes is amended to read:

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

9 **SECTION 37.** 49.473 (5) of the statutes is amended to read:

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

15 **SECTION 38.** 50.38 of the statutes is created to read:

16 **50.38 Hospital assessment. (1)** In this section "eligible hospital" means a  
17 hospital that is not any of the following:

18 (a) A critical access hospital.

19 (b) An institution for mental diseases, as defined in s. 46.011 (1m).

20 (c) A general psychiatric hospital for which the department has issued a  
21 certificate of approval under s. 50.35 that applies only to the psychiatric hospital, and  
22 that is not a satellite of an acute care hospital.

23 (2) Except as provided in sub. (10), for the privilege of doing business in this  
24 state, there is imposed on each eligible hospital an assessment each state fiscal year  
25 that is equal to a uniform percentage, determined under sub. (3), of the hospital's

1 gross patient revenues, as reported under s. 153.46 (5) and determined by the  
2 department.

3 (3) The department shall establish the percentage under sub. (2) so that the  
4 total amount of assessments collected under this section in a state fiscal year is equal  
5 to the amount in the schedule under s. 20.005 (3) for the appropriation under s.  
6 20.435 (4) (xc) for that fiscal year.

7 (4) Except as provided in sub. (5), each eligible hospital shall pay the annual  
8 assessment under sub. (2) in 4 equal amounts that are due by September 30,  
9 December 31, March 31, and June 30 of each year.

10 (5) At the discretion of the department, a hospital that is unable timely to make  
11 a payment by a date specified under sub. (4) may be allowed to make a delayed  
12 payment. A determination by the department that a hospital may not make a  
13 delayed payment under this subsection is final and is not subject to review under ch.  
14 227.

15 (6) (a) If the federal government does not provide federal financial  
16 participation under the federal Medicaid program for amounts collected under this  
17 section that are used to make increased payments to eligible hospitals that are  
18 reimbursed on a fee-for-service basis or to make payments under s. 49.45 (59), the  
19 department shall refund hospitals the amount for which the federal government  
20 does not provide federal financial participation.

21 (b) On June 30 of each state fiscal year, the department shall, from the  
22 appropriation account under s. 20.435 (4) (xc), refund to hospitals the difference  
23 between the amount in the schedule under s. 20.005 (3) for that appropriation and  
24 the amount expended or encumbered from that appropriation in the fiscal year.

1 (c) The department shall allocate any refund under this subsection to hospitals  
2 in proportion to the percentage of the total assessments collected under sub. (2) that  
3 each hospital paid.

4 (7) By January 1 of each year the department shall report to the joint  
5 committee on finance all of the following information for the state fiscal year ending  
6 the previous June 30:

7 (a) The amount each eligible hospital paid under sub. (2).

8 (b) The amounts the department paid each health maintenance organization  
9 under s. 49.45 (59) (a).

10 (c) The total amounts that each eligible hospital received from health  
11 maintenance organizations under s. 49.45 (59) (b).

12 (d) The total amount of payment increases the department made, in connection  
13 with implementation of the hospital assessment under sub. (2), for inpatient and  
14 outpatient hospital services that are reimbursed on a fee-for-service basis.

15 (8) Except as provided in sub. (10), in each state fiscal year, the secretary of  
16 administration shall transfer from the hospital assessment fund to the Medical  
17 Assistance trust fund an amount equal to the amount in the schedule under s. 20.005  
18 (3) for the appropriation under s. 20.435 (4) (xc) for that fiscal year minus the state  
19 share of payments to hospitals under s. 49.45 (3) (e) 11., and minus any refunds paid  
20 to hospitals under sub. (6) (a) in that fiscal year.

21 (9) On June 30 of each state fiscal year, the secretary of administration shall  
22 transfer from the Medical Assistance trust fund to the ~~the~~ appropriation account  
23 under s. 20.435 (4) (gr), an amount equal to 0.5 percent of the amount transferred  
24 under sub. (8).

(jw)



1           (10) Assessments may not be collected under sub. (2) after June 30, 2013, and  
2 transfers may not be made under subs. (9) and (10) after June 30, 2013.

3           **SECTION 39.** 50.389 of the statutes is renumbered 50.377.

4           **SECTION 40.** 146.99 of the statutes is repealed.

5           **SECTION 9122. Nonstatutory provisions; Health Services.**

6           (1) HOSPITAL ASSESSMENT.

7           (a) *Assessment payment deadlines.* Notwithstanding section 50.38 (4) of the  
8 statutes, as created by this act, hospitals shall pay the assessment for state fiscal  
9 year 2008-09 that is required under section 50.38 (2) of the statutes, as created by  
10 this act, in 2 equal amounts. Hospitals shall make the first payment by March 31,  
11 2009, or 10 days after the effective date of this paragraph, whichever is later.  
12 Hospitals shall make the 2nd payment by June 30, 2009. At the discretion of the  
13 department of health services, a hospital that is unable timely to make a payment  
14 by a date specified under this paragraph may be allowed to make a delayed payment.  
15 A determination by the department that a hospital may not make a delayed payment  
16 under this paragraph is final and is not subject to review under chapter 227 of the  
17 statutes.

18           (b) *Medical assistance fee-for-service schedule used as basis for managed care*  
19 *reimbursement.* The department of health services shall present the inpatient and  
20 outpatient hospital diagnosis related groupings rate and weight schedules  
21 established by the department for state fiscal year 2007-08 to health maintenance  
22 organizations and hospitals as the applicable schedule for reimbursement rates  
23 under agreements between health maintenance organizations and hospitals that  
24 reference the fee-for-services schedule to establish the rates that health  
25 maintenance organizations shall reimburse hospitals for services provided to

1 recipients of the Medical Assistance Program under subchapter IV of chapter 49 of  
2 the statutes in state fiscal year 2008-09.

3 (c) *Reconciliation of 2008-09 expenses.* 1. Notwithstanding the deadline under  
4 section 50.38 (6) (b) of the statutes, as created by this act, for state fiscal year  
5 2008-09, the department shall make the refunds required under section 50.38 (6) (b),  
6 by December 31, 2009.

7 2. Notwithstanding section 20.001 (3) (a) of the statutes, the unencumbered  
8 balance in the appropriation under section 20.435 (4) (xc) of the statutes does not  
9 revert to the hospital assessment fund at the end of state fiscal year 2008-09; and  
10 the department of health services may expend in state fiscal year 2009-10 this  
11 amount in addition to the amounts in the schedule under section 20.005 (3) of the  
12 statutes for the appropriation under section 20.435 (4) (xc) of the statutes for state  
13 fiscal year 2009-10.

14 (d) *Independent rural hospital supplement.* In state fiscal year 2008-09, from  
15 the appropriation account under section 20.435 (4) (b) and (o) of the statutes, the  
16 department of health services shall pay independent, rural, hospitals that are in  
17 counties that border another state and that are not critical access hospitals one of the  
18 following amounts:

19 1. If the percentage of the hospital's gross patient revenue that is attributable  
20 to the Medical Assistance Program under subchapter IV of chapter 49 of the statutes  
21 is less than 7 percent, \$250,000.

22 2. If the percentage of the hospital's gross patient revenue that is attributable  
23 to the Medical Assistance Program under subchapter IV of chapter 49 of the statutes  
24 is equal to or greater than 7 percent, \$500,000.

1           (e) *Budgeting practices.* This act does not affect any requirements under  
2 section 16.46 of the statutes. The departments of administration and health services  
3 shall review, reestimate, and request general purpose revenue for hospital payments  
4 under the Medical Assistance Program under subchapter IV of chapter 49 of the  
5 statutes as needed.

6           **SECTION 9222. Fiscal changes; Health Services.**

7           (1) **MEDICAL ASSISTANCE TRUST FUND.** In the schedule under section 20.005 (3)  
8 of the statutes for the appropriation to the department of health services under  
9 section 20.435 (4) (w) of the statutes, as affected by the acts of 2009, the dollar amount  
10 is increased by \$79,206,800 for the second fiscal year of the fiscal biennium in which  
11 this subsection takes effect for the purpose for which the appropriation is made.

12           (2) **MEDICAL ASSISTANCE GENERAL PURPOSE REVENUE APPROPRIATION.** In the  
13 schedule under section 20.005 (3) of the statutes for the appropriation to the  
14 department of health services under section 20.435 (4) (b) of the statutes, as affected  
15 by the acts of 2009, the dollar amount is decreased by \$78,456,800 for the second  
16 fiscal year of the fiscal biennium in which this subsection takes effect for the  
17 purposes for which the appropriation is made.

18           **SECTION 9322. Initial applicability; Health Services.**

19           (1) **MEDICAL ASSISTANCE FEE-FOR-SERVICE HOSPITAL RATE INCREASES.** Payments  
20 under section 49.45 (3) (e) 11. of the statutes, as created by this act, for inpatient and  
21 outpatient hospital services that are reimbursed on a fee-for-service basis first  
22 apply to services provided on July 1, 2008.

23           **SECTION 9422. Effective dates; Health Services.**

24           (1) **HOSPITAL ASSESSMENT.**

*and (at) (by SECTION #)*  
*A.R.1*

1 (a) The treatment of sections 20.435 (4) (gp), 46.27 (9) (a) and (10) (a) 1., 46.275  
2 (5) (a) and (c), 46.283 (5), 46.284 (5) (a), 46.485 (2g) (intro.), 49.45 (5m) (am) (by  
3 SECTION 19), (6m) (ag) (intro.), (6v) (b), (6x) (a), (6y) (a), (am), (ap) (by SECTION 24),  
4 and (ar) (by SECTION 28), (6z) (a) (intro.), (8) (b), (24m) (intro.), and (52), 49.472 (6)  
5 (a) and (b), 49.473 (5), and 146.99 of the statutes takes effect on July 1, 2009.

6 (b) The treatment of section 20.285 (6) (q) (by SECTION 2) of the statutes takes  
7 effect on the day after the effective date of the 2009-11 biennial budget act.

8 (b) (c) The treatment of sections 20.285 (6) (q) (by SECTION 3), 49.45 (5m) (am) (by  
9 SECTION 20), 49.45 (6y) (ap) (by SECTION 27) and (ar) (by SECTION 29) of the statutes  
10 takes effect on June 30, 2013.

11 (END)

*and (at) (by SECTION #)*  
*AR 2*

Strike period

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**Ins 3-20:**

**SECTION 1.** 20.435 (4) (jw) of the statutes is amended to read:

20.435 (4) (jw) *BadgerCare Plus and hospital assessment administrative costs.*

Biennially, the amounts in the schedule to provide a portion of the state share of administrative costs for the BadgerCare Plus Medical Assistance program under s. 49.471 and for administration of the hospital assessment under s. 50.38. ~~Pen~~ All moneys transferred under s. 50.38 (9) and 10 percent of all moneys received from penalty assessments under s. 49.471 (9) (c) shall be credited to this appropriation account.

**History:** 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434; 2007 a. 20 ss. 331 to 422, 9121 (6) (a); 2007 a. 39, 88, 107, 111, 130; s. 13.92 (2) (i).

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

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**Ins 10-4:**

Create  
A.R. 1

**SECTION 2.** 49.45 (6y) (at) of the statutes is created to read:

49.45 (6y) (at) Notwithstanding sub. (3) (e), from the appropriation account under s. 20.435 (4) (w), the department shall distribute \$3,000,000 in each fiscal year to the University of Wisconsin Hospital and Clinics for care that is not otherwise

1 compensated, except that the department may not make payments that exceed  
2 limitations based on customary charges under 42 USC 1396b (i) (3).

3 *Create*  
*A.R. 2* **SECTION 3.** 49.45 (6y) (at) of the statutes, as created by 2009 Wisconsin Act ....  
4 (this act), is repealed.

**Ryan, Robin**

**From:** Willing, Krista - DOA [Krista.Willing@wisconsin.gov]  
**Sent:** Tuesday, January 27, 2009 8:39 AM  
**To:** Ryan, Robin  
**Subject:** FW: Hospital Assessment Draft

**From:** Johnston, James - DHS  
**Sent:** Monday, January 26, 2009 6:10 PM  
**To:** Willing, Krista - DOA; Gauger, Michelle C - DOA  
**Cc:** Helgerson, Jason A - DHS; Albertoni, Richard S - DHS; Cunningham, Curtis J - DHS; Gebhart, Neil R - DHS  
**Subject:** Hospital Assessment Draft

Hi Krista,

I am writing to follow up on our phone call about possible changes to the statutory language. I will first respond question's Robin raises in her drafter's note, and then discuss several other sections I am unclear about and believe should be modified.

**Drafter's Note-**

1a) & 2) Robin states that the provision for refunding assessment revenue for which federal match is not provided doesn't include the funds transferred to the MA trust Fund.

I agree and believe the language needs to be modified so that the potential for refunding assessment revenue to the hospitals needs to include both moneys intended for hospital rates and monies transferred to the MA Trust Fund.

Neil also suggested some language regarding this issue:

I agree with Robin that proposed s. 50.38 (6) (a) should be revised to refer to payments under s. 49.45 (3) (e) 11, in the manner she suggests in the drafter's note. In this connection, we should also consider revising the provisions of the bill under which increased payments will be made with revenues from hospital assessments, including ss. 49.45(3)(e)11., 49.45(5m)(am), 49.45(6y)(ap), 49.45(6y)(ar), 49.45(59) of the statutes, and s. 9122(1)(d) of the nonstatutory provisions, to clarify that the increased payments will not be made if FFP is not available. Otherwise, if FFP is not available it seems the Dept would be required both to refund the assessments and to pay the state share of the increased payments to hospitals that are required under the bill.

1b) Definition of psychiatric hospital. We are still reviewing the definition. The language in the draft captures our intent, we are checking the federal and DQA definitions.

1c) FFS rate schedule for SFY09 Our intent is to pay retroactive FFFS rate increase back to 7/1/08 so I think this section is OK, but is it necessary? We currently don't have a similar provision expressing our intent to pay HMO rate increase as of 1/1/09 (nor do I think we want to add such language).

3) I thought we had agreed that s.49.45 (2)(a) 17 should be repealed and that Robin would take the lead on this.

**Other Issues Overall goal is to key off of language included in previous assessment draft 2007-8 LBR# 4081/6**

01/27/2009

per Kusata - no on "A"

A) Use of Assessment Funds is to Increase Hospital Rates  
Section 6 - Hospital Assessment Fund -Section 18 should be modified to refer to increasing hospital rates use of moneys collected is to "increase rates".

LRB# 4081/6 s. 20435 (40(xc) "...the amounts in the schedule for *increases payments* ..."

B) Deposit assessment funds into the Hospital Trust Fund

While the draft contains language stating that the hospital assessment fund consists of all moneys received under s. 50.375, the draft doesn't have complimentary language in Section 38 Hospital assessment - depositing assessment funds into the Hospital Trust Fund.

LRB#4081/6 contained such language see LRB#4081/6 page 13 lines 23-24. "The assessment shall be deposited into the hospital assessment fund."

C) Reporting to JCF

Please add the additional reporting requirements:

The total amount of MA payments made to each hospital and the portion of the MA capitated payments made to each health maintenance organization for inpatient and outpatient hospital services from appropriation accounts of general purpose revenues

The results of any audits conducted by the department under s. 49.45 (59)(e)3.

D) Subsection (10) at the top of page 17 (LRB #1152/P4) appears to have a circular reference to the same subsection number

"(10) Assessments may not be collected under (2) after June 30, 2013, and transfers may not be made under subs. (9) and (10) after June 30, 2013."



**Ryan, Robin**

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**From:** Willing, Krista - DOA [Krista.Willing@wisconsin.gov]  
**Sent:** Tuesday, January 27, 2009 1:51 PM  
**To:** Ryan, Robin  
**Subject:** RE: Hospital Assessment Draft

It is the payments made by the state to the hospitals.

---

**From:** Ryan, Robin [mailto:Robin.Ryan@legis.wisconsin.gov]  
**Sent:** Tuesday, January 27, 2009 1:41 PM  
**To:** Willing, Krista - DOA  
**Subject:** RE: Hospital Assessment Draft

One last thing. I am done making the requested changes. The requirement to report "the total amount of MA payments made to each hospital" is unclear. Does that mean payments made directly by the state, or all payments (directly from the state, and from HMOs)?

---

**From:** Willing, Krista - DOA [mailto:Krista.Willing@wisconsin.gov]  
**Sent:** Tuesday, January 27, 2009 10:52 AM  
**To:** Ryan, Robin  
**Subject:** RE: Hospital Assessment Draft

Yes, I would include it in the refund.

Thanks for checking!  
Krista

---

**From:** Ryan, Robin [mailto:Robin.Ryan@legis.wisconsin.gov]  
**Sent:** Tuesday, January 27, 2009 10:51 AM  
**To:** Willing, Krista - DOA  
**Subject:** RE: Hospital Assessment Draft

Krista,  
For purposes of the refund to hospitals for failure to obtain federal financial participation, how do you want to treat the money that goes to DHS for admin? I'm assuming that DHS can't claim MA admin match for collecting the hospital assessment, so I will not include the admin money in the refund unless I hear otherwise from you.

---

**From:** Willing, Krista - DOA [mailto:Krista.Willing@wisconsin.gov]  
**Sent:** Tuesday, January 27, 2009 8:39 AM  
**To:** Ryan, Robin  
**Subject:** FW: Hospital Assessment Draft

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**From:** Johnston, James - DHS  
**Sent:** Monday, January 26, 2009 6:10 PM  
**To:** Willing, Krista - DOA; Gauger, Michelle C - DOA

01/27/2009



In 1/27/09

RMR

DOA:.....Willing, BAB0002 - Hospital assessment

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

Don't Gen

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

*Analysis by the Legislative Reference Bureau*

**HEALTH AND HUMAN SERVICES**

**HOSPITAL ASSESSMENT**

Under current law, the state assesses hospitals a total of \$1,500,000 each year. The amount each hospital pays is allocated in proportion to the hospital's gross private pay revenues. The hospital assessment revenue is used to support the Medical Assistance (MA) Program, long-term care programs, and community-based mental health services.

This bill increases the amount of the hospital assessment to \$275,445,110 for state fiscal year 2008-09. The bill provides that the amount of the assessment in future years shall be established in the biennial budget act. The bill charges the total assessment amount against eligible hospitals in proportion to their gross patient revenues. Under the bill, all hospitals in the state other than critical access hospitals, institutions for mental diseases, and certain psychiatric hospitals that are not a satellite of an acute care hospital from the assessment are eligible hospitals. Under the bill, eligible hospitals must pay the assessment in four quarterly installments, except that in state fiscal year (SFY) 2008-09, the payments must be made in two installments, due at the end of March and June. However, the bill allows DHS to extend the deadline for payment of the assessment for eligible hospitals that are unable to make timely payments.

The bill provides that a specified portion of the assessment revenue shall be used to pay hospitals for services provided under MA and transfers the remaining

amount of assessment revenue to the MA trust fund. Under the bill, the portion of the assessment revenue used to pay for hospital services in SFY 2008-09 is equal to the state share of MA times the amount of the total assessment revenue divided by 57.75 percent. Assuming a state share of 41.06 percent, DHS must use \$195,840,300 of the assessment revenue to pay hospitals, amounting to payments of \$476,961,200, all funds. In SFY 2008-09, the remaining \$79,604,800 of the assessment revenue is transferred to the MA trust fund. Of the amount transferred to the MA trust fund, 0.5 percent (\$398,000) is appropriated to DHS for the administrative costs associated with the hospital assessment and the other \$79,206,800 is appropriated for MA. For SFY 2008-09, the bill also appropriates general purpose revenue in the amount of \$750,000 for supplemental payments to certain rural hospitals in counties that border another state. Finally, in SFY 2008-09, the bill reduces the amount of general purpose revenues appropriated for MA by \$78,456,800.

Beginning in SFY 2009-10, the portion of the assessment revenues allocated for payment of hospital services under MA is equal to the state share of MA times the amount of the total assessment revenue divided by 61.68 percent. The remainder of the hospital assessment revenue is transferred to the MA trust fund. One-half of one percent of the transferred amount is appropriated to DHS for administrative costs associated with the hospital assessment. Also beginning in SFY 2009-10, the bill requires DHS to pay the University of Wisconsin Hospitals and Clinics \$3,000,000 annually from the MA trust fund for the costs of providing uncompensated care.

The bill provides that DHS shall spend the portion of the hospital assessment revenue that is allocated to pay for hospital services under MA on the following: increased reimbursement for eligible hospitals that are reimbursed on a fee-for-service basis; payments to health maintenance organizations (HMOs) that the HMOs must use to increase reimbursement to eligible hospitals; an increase of \$2,744,000 in supplemental payments to certain rural hospitals; \$8,000,000 in supplemental payments to hospitals that satisfy criteria established by the American College of Surgeons for classification as a Level I adult trauma center; and supplemental payments to hospitals based on performance, under a methodology developed by DHS.

*INS  
A* → The bill provides that if the federal government does not contribute the federal share under MA for any portion of the hospital assessment revenue allocated to pay for hospital services, DHS must refund that portion of the assessment revenue to eligible hospitals. DHS must make any refunds to hospitals in proportion to the percentage of the assessment that the hospitals paid.

The bill eliminates the hospital assessment, and provisions for expenditure of the assessment revenue, on July 1, 2013.

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

1 SECTION 1. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert  
2 the following amounts for the purposes indicated:

	2007-08	2008-09
4 <b>20.435 Health services, department of</b>		
5 (4) HEALTH SERVICES PLANNING; REG & DELIVERY; HLTH		
6 CARE FIN; OTHER SUPPORT PGMS		
7 (xc) Hospital assessment fund; hospi-		
8 tal payments	SEG A	-0- 275,445,100

9 SECTION 2. 20.435 (4) (gp) of the statutes is repealed.

10 SECTION 3. 20.435 (4) (jw) of the statutes is amended to read:

11 20.435 (4) (jw) *BadgerCare Plus and hospital assessment administrative costs.*  
12 Biennially, the amounts in the schedule to provide a portion of the state share of  
13 administrative costs for the BadgerCare Plus Medical Assistance program under s.  
14 49.471. ~~Ten~~ and for administration of the hospital assessment under s. 50.38. ~~All~~  
15 moneys transferred under s. 50.38 (9) and 10 percent of all moneys received from  
16 penalty assessments under s. 49.471 (9) (c) shall be credited to this appropriation  
17 account.

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

INS  
3-17 →

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

19 20.435 (4) (xc) *Hospital assessment fund; hospital payments.* From the hospital  
20 assessment fund, the amounts in the schedule to reimburse eligible hospitals for  
21 services provided under the Medical Assistance Program under subch. IV of ch. 49,  
22 make payments to health maintenance organizations under s. 49.45 (59), provide  
23 supplemental funds to rural hospitals under s. 49.45 (5m) (am), make supplemental

1 payments to Level I adult trauma centers under s. 49.45 (6y) (ap), make  
2 supplemental payments to hospitals based on performance under s. 49.45 (6y) (ar),  
3 make refunds under s. 50.38 (6), and make the transfer under s. 50.38 (8).

4 SECTION 5. 25.77 (11) of the statutes is created to read:

5 25.77 (11) All moneys transferred under s. 50.38 (8).

6 SECTION 6. 25.772 of the statutes is created to read:

7 **25.772 Hospital assessment fund.** There is established a separate  
8 nonlapsible trust fund designated as the hospital assessment fund, to consist of all  
9 moneys received under s. 50.38 (2) from assessments on hospitals.

10 SECTION 7. 46.27 (9) (a) of the statutes is amended to read:

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

20 SECTION 8. 46.27 (10) (a) 1. of the statutes is amended to read:

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

INS  
4-5 →

and all moneys received under s. 50.38(6)(a) 3 or and deposited

1 because of increased utilization of nursing home services, as estimated by the  
2 department.

3 **SECTION 9.** 46.275 (5) (a) of the statutes is amended to read:

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

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

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

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

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

23 **SECTION 12.** 46.284 (5) (a) of the statutes 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 (7) (b), (bd), and (g), the department shall provide funding on

1 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 13.** 46.485 (2g) (intro.) of the statutes is amended to read:

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

13 **SECTION 14.** 49.45 (2) (a) 17. of the statutes is repealed.

14 **SECTION 15.** 49.45 (3) (e) 8. of the statutes is repealed.

15 **SECTION 16.** 49.45 (3) (e) 11. of the statutes is created to read:

16 49.45 (3) (e) 11. The department shall use a portion of the moneys collected  
17 under s. 50.38 to pay for services provided by eligible hospitals, as defined in s. 50.38  
18 (1), under the Medical Assistance Program under this subchapter, including services  
19 reimbursed on a fee-for-service basis and services provided under a managed care  
20 system. For state fiscal year 2008-09, total payments under this subdivision shall  
21 equal the state share under the Medical Assistance Program of the amount collected  
22 under s. 50.38 (2) for fiscal year 2008-09 divided by 57.75 percent. For each state  
23 fiscal year after state fiscal year 2008-09, total payments under this subdivision  
24 shall equal the state share under the Medical Assistance Program of the amount  
25 collected under s. 50.38 (2) for the fiscal year divided by 61.68 percent.

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

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

11          **SECTION 18.** 49.45 (5m) (am) of the statutes, as affected by 2009 Wisconsin Act  
12          .... (this act), is amended to read:

13          49.45 **(5m)** (am) Notwithstanding sub. (3) (e), from the appropriation accounts  
14          under s. 20.435 (4) (b), (o), (w) and (xc), the department shall distribute not more than  
15          ~~\$5,000,000~~ \$2,256,000 in each fiscal year, to provide supplemental funds to rural  
16          hospitals that, as determined by the department, have high utilization of inpatient  
17          services by patients whose care is provided from governmental sources, except that  
18          the department may not distribute funds to a rural hospital to the extent that the  
19          distribution would exceed any limitation under 42 USC 1396b (i) (3).

20          **SECTION 19.** 49.45 (6m) (ag) (intro.) of the statutes is amended to read:

21          49.45 **(6m)** (ag) (intro.) Payment for care provided in a facility under this  
22          subsection made under s. 20.435 (4) (b), ~~(gp)~~, (o), (pa), or (w) shall, except as provided  
23          in pars. (bg), (bm), and (br), be determined according to a prospective payment  
24          system updated annually by the department. The payment system shall implement  
25          standards that are necessary and proper for providing patient care and that meet



1 quality and safety standards established under subch. II of ch. 50 and ch. 150. The  
2 payment system shall reflect all of the following:

3 **SECTION 20.** 49.45 (6v) (b) of the statutes is amended to read:

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

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

11 49.45 (6x) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
12 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall distribute not more  
13 than \$4,748,000 in each fiscal year, to provide funds to an essential access city  
14 hospital, except that the department may not allocate funds to an essential access  
15 city hospital to the extent that the allocation would exceed any limitation under 42  
16 USC 1396b (i) (3).

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

18 49.45 (6y) (a) Notwithstanding sub. (3) (e), from the appropriation accounts  
19 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department shall may distribute funding  
20 in each fiscal year to provide supplemental payment to hospitals that enter into a  
21 contract under s. 49.02 (2) to provide health care services funded by a relief block  
22 grant, as determined by the department, for hospital services that are not in excess  
23 of the hospitals' customary charges for the services, as limited under 42 USC 1396b  
24 (i) (3). If no relief block grant is awarded under this chapter or if the allocation of  
25 funds to such hospitals would exceed any limitation under 42 USC 1396b (i) (3), the

1 department may distribute funds to hospitals that have not entered into a contract  
2 under s. 49.02 (2).

3 **SECTION 23.** 49.45 (6y) (am) of the statutes is amended to read:

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

11 **SECTION 24.** 49.45 (6y) (ap) of the statutes is created to read:

12 49.45 (6y) (ap) Notwithstanding sub. (3) (e), from the appropriation accounts  
13 under s. 20.435 (4) (o) and (xc), the department shall distribute not more than  
14 \$8,000,000 in each fiscal year as supplemental payments to hospitals that satisfy the  
15 criteria established by the American College of Surgeons for classification as a Level  
16 I adult trauma center, except that the department may not make payments that  
17 exceed limitations based on customary charges under 42 USC 1396b (i) (3).

18 **SECTION 25.** 49.45 (6y) (ap) of the statutes, as created by 2009 Wisconsin Act  
19 ... (this act), is repealed.

20 **SECTION 26.** 49.45 (6y) (ar) of the statutes is created to read:

21 49.45 (6y) (ar) Notwithstanding sub (3) (e), the department may, from the  
22 appropriation account under s. 20.435 (4) (xc), make supplemental payments to  
23 hospitals based on hospital performance, in accordance with a payment methodology  
24 developed by the department, except that the department may not make payments  
25 that exceed limitations based on customary charges under 42 USC 1396b (i) (3).

1           **SECTION 27.** 49.45 (6y) (ar) of the statutes, as created by 2009 Wisconsin Act  
2 .... (this act), is repealed.

3           **SECTION 28.** 49.45 (6y) (at) of the statutes is created to read:

4           49.45 (6y) (at) Notwithstanding sub. (3) (e), from the appropriation account  
5 under s. 20.435 (4) (w), the department shall distribute \$3,000,000 in each fiscal year  
6 to the University of Wisconsin Hospital and Clinics for care that is not otherwise  
7 compensated, except that the department may not make payments that exceed  
8 limitations based on customary charges under 42 USC 1396b (i) (3).

9           **SECTION 29.** 49.45 (6y) (at) of the statutes, as created by 2009 Wisconsin Act  
10 .... (this act), is repealed.

11           **SECTION 30.** 49.45 (6z) (a) (intro.) of the statutes is amended to read:

12           49.45 (6z) (a) (intro.) Notwithstanding sub. (3) (e), from the appropriation  
13 accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department may distribute  
14 funding in each fiscal year to supplement payment for services to hospitals that enter  
15 into indigent care agreements, in accordance with the approved state plan for  
16 services under 42 USC 1396a, with relief agencies that administer the medical relief  
17 block grant under this chapter, if the department determines that the hospitals serve  
18 a disproportionate number of low-income patients with special needs. If no medical  
19 relief block grant under this chapter is awarded or if the allocation of funds to such  
20 hospitals would exceed any limitation under 42 USC 1396b (i) (3), the department  
21 may distribute funds to hospitals that have not entered into indigent care  
22 agreements. The department may not distribute funds under this subsection to the  
23 extent that the distribution would do any of the following:

24           **SECTION 31.** 49.45 (8) (b) of the statutes is amended to read:

1           49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w) for home  
2 health services provided by a certified home health agency or independent nurse  
3 shall be made at the home health agency's or nurse's usual and customary fee per  
4 patient care visit, subject to a maximum allowable fee per patient care visit that is  
5 established under par. (c).

6           **SECTION 32.** 49.45 (24m) (intro.) of the statutes is amended to read:

7           49.45 (24m) (intro.) From the appropriation accounts under s. 20.435 (4) (b),  
8 ~~(gp)~~, (o), and (w), in order to test the feasibility of instituting a system of  
9 reimbursement for providers of home health care and personal care services for  
10 medical assistance recipients that is based on competitive bidding, the department  
11 shall:

12           **SECTION 33.** 49.45 (52) of the statutes is amended to read:

13           49.45 (52) PAYMENT ADJUSTMENTS. Beginning on January 1, 2003, the  
14 department may, from the appropriation account under s. 20.435 (7) (b), make  
15 Medical Assistance payment adjustments to county departments under s. 46.215,  
16 46.22, 46.23, or 51.42, or 51.437 or to local health departments, as defined in s. 250.01  
17 (4), as appropriate, for covered services under s. 49.46 (2) (a) 2. and 4. d. and f. and  
18 (b) 6. b., c., f., fm., g., j., k., L., Lm., and m., 9., 12., 12m., 13., 15., and 16. Payment  
19 adjustments under this subsection shall include the state share of the payments.  
20 The total of any payment adjustments under this subsection and Medical Assistance  
21 payments made from appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w),  
22 may not exceed applicable limitations on payments under 42 USC 1396a (a) (30) (A).

23           **SECTION 34.** 49.45 (59) of the statutes is created to read:

24           49.45 (59) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a)  
25 Except as provided under par. (h), the department shall, from the appropriation

1 account under s. 20.435 (4) (xc), pay each health maintenance organization with  
2 which it contracts to provide medical assistance a monthly amount that the health  
3 maintenance organization shall use to make payments to hospitals under par. (b).

4 (b) Except as provided under par. (h), health maintenance organizations shall  
5 pay all of the moneys they receive under par. (a) to eligible hospitals, as defined in  
6 s. 50.38 (1), within 15 days after receiving the moneys. The department shall specify  
7 in contracts with health maintenance organizations to provide medical assistance a  
8 method that health maintenance organizations shall use to allocate the amounts  
9 received under par. (a) among eligible hospitals based on the number of discharges  
10 from inpatient stays and the number of outpatient visits for which the health  
11 maintenance organization paid such a hospital in the previous month for enrollees  
12 who are recipients of medical assistance, except enrollees who receive medical  
13 assistance under s. 49.45 (23). Payments under this paragraph shall be in addition  
14 to any amount that a health maintenance organization is required by agreement  
15 between the health maintenance organization and a hospital to pay the hospital for  
16 providing services to the health maintenance organization's enrollees.

17 (c) Except as provided under par. (h), each health maintenance organization  
18 that provides medical assistance shall report to the department each month the  
19 amount it paid each hospital under par. (b) and the percentage of the total payments  
20 it made under par. (b) that it paid to each hospital.

21 (d) Except as provided under par. (h), each health maintenance organization  
22 that provides medical assistance shall report monthly to each hospital to which the  
23 health maintenance organization makes payments under par. (b) such information  
24 regarding the payments that the department specifies in its contract with the health  
25 maintenance organization to provide medical assistance.

1           (e) 1. If the department determines that a health maintenance organization  
2           has not complied with a requirement under pars. (b) to (d), the department shall  
3           order the health maintenance organization to comply with the requirement within  
4           15 days after the department's determination of noncompliance.

5           2. The department may terminate a contract with a health maintenance  
6           organization to provide medical assistance if the health maintenance organization  
7           fails to comply with a requirement under pars. (b) to (d).

8           3. The department may audit a health maintenance organization to determine  
9           whether the health maintenance organization has complied with the requirements  
10          under pars. (b) to (d).

11          (f) The department shall specify in contracts with health maintenance  
12          organizations to provide medical assistance the method for adjusting payments  
13          under par. (b) to correct a health maintenance organization's inaccurate counting of  
14          inpatient discharges or outpatient visits in calculating a monthly payment to a  
15          hospital under par. (b).

16          (g) If a health maintenance organization and hospital do not agree on the  
17          amount of a monthly payment that the health maintenance organization is required  
18          to pay the hospital under par. (b), either the health maintenance organization or the  
19          hospital, within 6 months after the first day of the month in which the payment is  
20          due, may request that the department determine the amount of the payment. The  
21          department shall determine the amount of the payment within 60 days after the  
22          request for a determination is made. The health maintenance organization or  
23          hospital is, upon request, entitled to a contested case hearing under ch. 227 on the  
24          department's determination.

25          (h) Paragraphs (a) to (d) do not apply after June 30, 2013.

1           **SECTION 35.** 49.472 (6) (a) of the statutes is amended to read:

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

8           **SECTION 36.** 49.472 (6) (b) of the statutes is amended to read:

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

13           **SECTION 37.** 49.473 (5) of the statutes is amended to read:

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

19           **SECTION 38.** 50.38 of the statutes is created to read:

20           **50.38 Hospital assessment. (1)** In this section "eligible hospital" means a  
21 hospital that is not any of the following:

22           (a) A critical access hospital.

23           (b) An institution for mental diseases, as defined in s. 46.011 (1m).

1 (c) A general psychiatric hospital for which the department has issued a  
2 certificate of approval under s. 50.35 that applies only to the psychiatric hospital, and  
3 that is not a satellite of an acute care hospital.

4 (2) Except as provided in sub. (10), for the privilege of doing business in this  
5 state, there is imposed on each eligible hospital an assessment each state fiscal year  
6 that is equal to a uniform percentage, determined under sub. (3), of the hospital's  
7 gross patient revenues, as reported under s. 153.46 (5) and determined by the  
8 department.

*The assessments shall be deposited in the  
hospital assessment fund.*

9 (3) The department shall establish the percentage under sub. (2) so that the  
10 total amount of assessments collected under this section in a state fiscal year is equal  
11 to the amount in the schedule under s. 20.005 (3) for the appropriation under s.  
12 20.435 (4) (xc) for that fiscal year.

13 (4) Except as provided in sub. (5), each eligible hospital shall pay the annual  
14 assessment under sub. (2) in 4 equal amounts that are due by September 30,  
15 December 31, March 31, and June 30 of each year.

16 (5) At the discretion of the department, a hospital that is unable timely to make  
17 a payment by a date specified under sub. (4) may be allowed to make a delayed  
18 payment. A determination by the department that a hospital may not make a  
19 delayed payment under this subsection is final and is not subject to review under ch.  
20 227.

21 (6) (a) If the federal government does not provide federal financial  
22 participation under the federal Medicaid program for amounts collected under this  
23 section that are used to make increased payments to eligible hospitals that are  
24 reimbursed on a fee-for-service basis or to make payments under s. 49.45 (59), the

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1 department shall refund hospitals the amount for which the federal government  
2 does not provide federal financial participation.

3 (b) On June 30 of each state fiscal year, the department shall, from the  
4 appropriation account under s. 20.435 (4) (xc), refund to hospitals the difference  
5 between the amount in the schedule under s. 20.005 (3) for that appropriation and  
6 the amount expended or encumbered from that appropriation in the fiscal year.

7 (c) The department shall allocate any refund under this subsection to hospitals  
8 in proportion to the percentage of the total assessments collected under sub. (2) that  
9 each hospital paid.

10 (7) By January 1 of each year the department shall report to the joint  
11 committee on finance all of the following information for the state fiscal year ending  
12 the previous June 30:

13 (a) The amount each eligible hospital paid under sub. (2).

14 (b) The amounts the department paid each health maintenance organization  
15 under s. 49.45 (59) (a).

16 (c) The total amounts that each eligible hospital received from health  
17 maintenance organizations under s. 49.45 (59) (b).

18 (d) The total amount of payment increases the department made, in connection  
19 with implementation of the hospital assessment under sub. (2), for inpatient and  
20 outpatient hospital services that are reimbursed on a fee-for-service basis.

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21 (8) Except as provided in sub. (10), in each state fiscal year, the secretary of  
22 administration shall transfer from the hospital assessment fund to the Medical  
23 Assistance trust fund an amount equal to the amount in the schedule under s. 20.005  
24 (3) for the appropriation under s. 20.435 (4) (xc) for that fiscal year minus the state

1 share of payments to hospitals under s. 49.45 (3) (e) 11., and minus any refunds paid  
2 to hospitals under sub. (6) (a) in that fiscal year.

3 (9) On June 30 of each state fiscal year, the secretary of administration shall  
4 transfer from the Medical Assistance trust fund to the appropriation account under  
5 s. 20.435 (4) (jw), an amount equal to 0.5 percent of the amount transferred under  
6 sub. (8).

7 (10) Assessments may not be collected under sub. (2) after June 30, 2013, and  
8 transfers may not be made under subs. (9) and (10) after June 30, 2013.

9 SECTION 39. 50.389 of the statutes is renumbered 50.377.

10 SECTION 40. 146.99 of the statutes is repealed.

11 SECTION 9122. Nonstatutory provisions; Health Services.

12 (1) HOSPITAL ASSESSMENT.

13 (a) *Assessment payment deadlines.* Notwithstanding section 50.38 (4) of the  
14 statutes, as created by this act, hospitals shall pay the assessment for state fiscal  
15 year 2008-09 that is required under section 50.38 (2) of the statutes, as created by  
16 this act, in 2 equal amounts. Hospitals shall make the first payment by March 31,  
17 2009, or 10 days after the effective date of this paragraph, whichever is later.  
18 Hospitals shall make the 2nd payment by June 30, 2009. At the discretion of the  
19 department of health services, a hospital that is unable timely to make a payment  
20 by a date specified under this paragraph may be allowed to make a delayed payment.  
21 A determination by the department that a hospital may not make a delayed payment  
22 under this paragraph is final and is not subject to review under chapter 227 of the  
23 statutes.

24 (b) *Medical assistance fee-for-service schedule used as basis for managed care*  
25 *reimbursement.* The department of health services shall present the inpatient and

1           1. If the percentage of the hospital's gross patient revenue that is attributable  
2 to the Medical Assistance Program under subchapter IV of chapter 49 of the statutes  
3 is less than 7 percent, \$250,000.

4           2. If the percentage of the hospital's gross patient revenue that is attributable  
5 to the Medical Assistance Program under subchapter IV of chapter 49 of the statutes  
6 is equal to or greater than 7 percent, \$500,000.

7           (e) *Budgeting practices.* This act does not affect any requirements under  
8 section 16.46 of the statutes. The departments of administration and health services  
9 shall review, reestimate, and request general purpose revenue for hospital payments  
10 under the Medical Assistance Program under subchapter IV of chapter 49 of the  
11 statutes as needed.

12           **SECTION 9222. Fiscal changes; Health Services.**

13           (1) **MEDICAL ASSISTANCE TRUST FUND.** In the schedule under section 20.005 (3)  
14 of the statutes for the appropriation to the department of health services under  
15 section 20.435 (4) (w) of the statutes, as affected by the acts of 2009, the dollar amount  
16 is increased by \$79,206,800 for the second fiscal year of the fiscal biennium in which  
17 this subsection takes effect for the purpose for which the appropriation is made.

18           (2) **MEDICAL ASSISTANCE GENERAL PURPOSE REVENUE APPROPRIATION.** In the  
19 schedule under section 20.005 (3) of the statutes for the appropriation to the  
20 department of health services under section 20.435 (4) (b) of the statutes, as affected  
21 by the acts of 2009, the dollar amount is decreased by \$78,456,800 for the second  
22 fiscal year of the fiscal biennium in which this subsection takes effect for the  
23 purposes for which the appropriation is made.

24           **SECTION 9322. Initial applicability; Health Services.**

1 outpatient hospital diagnosis related groupings rate and weight schedules  
2 established by the department for state fiscal year 2007-08 to health maintenance  
3 organizations and hospitals as the applicable schedule for reimbursement rates  
4 under agreements between health maintenance organizations and hospitals that  
5 reference the fee-for-services schedule to establish the rates that health  
6 maintenance organizations shall reimburse hospitals for services provided to  
7 recipients of the Medical Assistance Program under subchapter IV of chapter 49 of  
8 the statutes in state fiscal year 2008-09.

9 (c) *Reconciliation of 2008-09 expenses.* 1. Notwithstanding the deadline under  
10 section 50.38 (6) (b) of the statutes, as created by this act, for state fiscal year  
11 2008-09, the department shall make the refunds required under section 50.38 (6) (b),  
12 by December 31, 2009.

13 2. Notwithstanding section 20.001 (3) (a) of the statutes, the unencumbered  
14 balance in the appropriation under section 20.435 (4) (xc) of the statutes does not  
15 revert to the hospital assessment fund at the end of state fiscal year 2008-09; and  
16 the department of health services may expend in state fiscal year 2009-10 this  
17 amount in addition to the amounts in the schedule under section 20.005 (3) of the  
18 statutes for the appropriation under section 20.435 (4) (xc) of the statutes for state  
19 fiscal year 2009-10.

20 (d) *Independent rural hospital supplement.* In state fiscal year 2008-09, from  
21 the appropriation account under section 20.435 (4) (b) and (o) of the statutes, the  
22 department of health services shall pay independent, rural, hospitals that are in  
23 counties that border another state and that are not critical access hospitals one of the  
24 following amounts:

1 (1) MEDICAL ASSISTANCE FEE-FOR-SERVICE HOSPITAL RATE INCREASES. Payments  
2 under section 49.45 (3) (e) 11. of the statutes, as created by this act, for inpatient and  
3 outpatient hospital services that are reimbursed on a fee-for-service basis first  
4 apply to services provided on July 1, 2008.

5 **SECTION 9422. Effective dates; Health Services.**

6 (1) HOSPITAL ASSESSMENT.

7 (a) The treatment of sections 20.435 (4) (gp), 46.27 (9) (a) and (10) (a) 1., 46.275  
8 (5) (a) and (c), 46.283 (5), 46.284 (5) (a), 46.485 (2g) (intro.), 49.45 (5m) (am) (by  
9 SECTION 17), (6m) (ag) (intro.), (6v) (b), (6x) (a), (6y) (a), (am), (ap) (by SECTION 22),  
10 (ar) (by SECTION 26), and (at) (by SECTION 28) (6z) (a) (intro.), (8) (b), (24m) (intro.),  
11 and (52), 49.472 (6) (a) and (b), 49.473 (5), and 146.99 of the statutes takes effect on  
12 July 1, 2009.

13 (b) The treatment of sections 49.45 (5m) (am) (by SECTION 18), 49.45 (6y) (ap)  
14 (by SECTION 25), (ar) (by SECTION 27), and (at) (by SECTION 29) of the statutes takes  
15 effect on June 30, 2013.

16 (END)

**2009-2010 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1152/P6ins  
RLR:.....

1           **Ins A:**

The bill provides that if the federal government does not pay the federal share under MA for any payment made with hospital assessment revenue, DHS must refund to hospitals the amount of the hospital assessment revenue used to make the payment. DHS must make refunds to hospitals in proportion to the percent of the assessment that the hospitals paid. In addition, DHS must recoup any payments that are made with hospital assessment revenue and for which the federal government does not pay the federal share under MA.

2

3

4           **Ins 3-17:**

5           **SECTION 1.** 20.435 (4) (w) of the statutes is amended to read:

6           20.435 (4) (w) *Medical Assistance trust fund.* From the Medical Assistance  
7           trust fund, biennially, the amounts in the schedule for meeting costs of medical  
8           assistance administered under ss. 46.27, 46.275 (5), 46.278 (6), 46.283 (5), 46.284 (5),  
9           49.45, and 49.472 (6), for refunds under s. 50.38 (6) (a), and for administrative costs  
10           associated with augmenting the amount of federal moneys received under 42 CFR  
11           433.51.

**History:** 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327; 2005 a. 15, 22; 2005 a. 25 ss. 299 to 331, 2498 to 2500, 2510; 2005 a. 74, 107, 199, 228, 264, 388, 406, 434; 2007 a. 20 ss. 331 to 422, 9121 (6) (a); 2007 a. 39, 88, 107, 111, 130; s. 13.92 (2) (i).

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15           **Ins 4-5:**

16           **SECTION 2.** 25.77 (12) of the statutes is created to read:

1 25.77 (12) All moneys recouped and deposited under s. 50.38 (6) (a) 4. ✓

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5 **Ins 15-20:** |.

6 (6) (a) If the federal government does not provide federal financial  
7 participation under the federal Medicaid program for amounts collected under this  
8 section that are used to make payments under s. 49.45 (3) (e) 11., (5m) (am), (6y) (ap),  
9 (ar), or (at), or (59), that are transferred under sub. (8) and used to make payments  
10 from the medical assistance trust fund, or that are transferred under sub. (9) and  
11 expended under s. 20.435 (4) (jw), the department shall, from the fund from  
12 which the payment or expenditure was made, refund hospitals the amount for which  
13 the federal government does not provide federal financial participation.

14 2. If the department makes a refund under subd. 1. as result of failure to obtain  
15 federal financial participation under the federal Medicaid program for a payment  
16 under s. 49.45 (3) (e) 11., (5m) (am), (6y) (ap), (ar), or (at), or (59) or a payment from  
17 the medical assistance trust fund, the department shall recoup the part of the  
18 payment for which the federal government does not provide federal financial  
19 participation.

20 3. Moneys recouped under subdy. 2. for payments made from the hospital  
21 assessment fund shall be deposited in the hospital assessment fund.

22 4. Moneys recouped under subd. 2 for payments made from the medical  
23 assistance trust funds shall be deposited in the medical assistance trust fund.

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1           **Ins 16-20:**

2           (e) The total amount of payments that the department makes to each hospital  
3           under the Medical Assistance Program under subch. IV of ch. 49.

4           (f) The portion of capitated payments that the department makes to each  
5           health maintenance organization under the Medical Assistance Program under  
6           subch. IV of ch. 49 from appropriation accounts of general purpose revenues that is  
7           for inpatient and outpatient hospital services.

8           (g) The results of any audits conducted by the department under s. 49.45 (59)  
9           (e) 3. and any actions taken by the department as a result of the audits.

*Stays*  
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