



State of Wisconsin
2009 - 2010 LEGISLATURE

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

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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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 amount allocated to hospitals for MA services in SFY 2008-09, including both the state and federal share under MA, is the amount of the hospital assessment revenue divided by 57.75 percent, which is \$476,961,200. In SFY 2008-09, \$79,604,800 in 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 amount of payments to hospitals for MA services from hospital assessment revenue plus the federal share of MA is equal to 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.

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.

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

1 associated with augmenting the amount of federal moneys received under 42 CFR
2 433.51.

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

4 20.435 (4) (xc) *Hospital assessment fund; hospital payments.* From the hospital
5 assessment fund, the amounts in the schedule to reimburse eligible hospitals for
6 services provided under the Medical Assistance Program under subch. IV of ch. 49,
7 make payments to health maintenance organizations under s. 49.45 (59), provide
8 supplemental funds to rural hospitals under s. 49.45 (5m) (am), make supplemental
9 payments to Level I adult trauma centers under s. 49.45 (6y) (ap), make
10 supplemental payments to hospitals based on performance under s. 49.45 (6y) (ar),
11 make refunds under s. 50.38 (6), and make the transfer under s. 50.38 (8).

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

13 25.17 (1) (gs) Hospital assessment fund (s. 25.772);

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

15 25.77 (11) All moneys transferred under s. 50.38 (8).

16 **SECTION 8.** 25.77 (12) of the statutes is created to read:

17 25.77 (12) All moneys recouped and deposited under s. 50.38 (6) (a) 4.

18 **SECTION 9.** 25.772 of the statutes is created to read:

19 **25.772 Hospital assessment fund.** There is established a separate
20 nonlapsible trust fund designated as the hospital assessment fund, to consist of all
21 moneys received under s. 50.38 (2) from assessments on hospitals and all moneys
22 recouped and deposited under s. 50.38 (6) (a) 3.

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

24 46.27 (9) (a) The department may select up to 5 counties that volunteer to
25 participate in a pilot project under which they will receive certain funds allocated for

1 long-term care. The department shall allocate a level of funds to these counties
2 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), ~~(gp)~~, or (w)
3 to nursing homes for providing care because of increased utilization of nursing home
4 services, as estimated by the department. In estimating these levels, the department
5 shall exclude any increased utilization of services provided by state centers for the
6 developmentally disabled. The department shall calculate these amounts on a
7 calendar year basis under sub. (10).

8 **SECTION 11.** 46.27 (10) (a) 1. of the statutes is amended to read:

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

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

16 46.275 (5) (a) Medical Assistance reimbursement for services a county, or the
17 department under sub. (3r), provides under this program is available from the
18 appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w). If 2 or more counties
19 jointly contract to provide services under this program and the department approves
20 the contract, Medical Assistance reimbursement is also available for services
21 provided jointly by these counties.

22 **SECTION 13.** 46.275 (5) (c) of the statutes is amended to read:

23 46.275 (5) (c) The total allocation under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w) to
24 counties and to the department under sub. (3r) for services provided under this
25 section may not exceed the amount approved by the federal department of health and

1 human services. A county may use funds received under this section only to provide
2 services to persons who meet the requirements under sub. (4) and may not use
3 unexpended funds received under this section to serve other developmentally
4 disabled persons residing in the county.

5 **SECTION 14.** 46.283 (5) of the statutes is amended to read:

6 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),
7 (bm), (~~gp~~), (pa), and (w) and (7) (b), (bd), and (md), the department may contract with
8 organizations that meet standards under sub. (3) for performance of the duties under
9 sub. (4) and shall distribute funds for services provided by resource centers.

10 **SECTION 15.** 46.284 (5) (a) of the statutes is amended to read:

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

18 **SECTION 16.** 46.485 (2g) (intro.) of the statutes is amended to read:

19 46.485 (2g) (intro.) From the appropriation ~~accounts~~ account under s. 20.435
20 (4) (b) and (~~gp~~), the department may in each fiscal year transfer funds to the
21 appropriation under s. 20.435 (7) (kb) for distribution under this section and from the
22 appropriation account under s. 20.435 (7) (mb) the department may not distribute
23 more than \$1,330,500 in each fiscal year to applying counties in this state that meet
24 all of the following requirements, as determined by the department:

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

1 **SECTION 18.** 49.45 (3) (e) 8. of the statutes is repealed.

2 **SECTION 19.** 49.45 (3) (e) 11. of the statutes is created to read:

3 49.45 (3) (e) 11. The department shall use a portion of the moneys collected
4 under s. 50.38 to pay for services provided by eligible hospitals, as defined in s. 50.38
5 (1), under the Medical Assistance Program under this subchapter, including services
6 reimbursed on a fee-for-service basis and services provided under a managed care
7 system. For state fiscal year 2008-09, total payments under this subdivision,
8 including both the federal and state share of Medical Assistance, shall equal the
9 amount collected under s. 50.38 (2) for fiscal year 2008-09 divided by 57.75 percent.
10 For each state fiscal year after state fiscal year 2008-09, total payments under this
11 subdivision, including both the federal and state share of Medical Assistance, shall
12 equal the amount collected under s. 50.38 (2) for the fiscal year divided by 61.68
13 percent.

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

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

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

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

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

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

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

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

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

23 49.45 **(6y)** (a) Notwithstanding sub. (3) (e), from the appropriation accounts
24 under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w), the department ~~shall~~ may distribute funding
25 in each fiscal year to provide supplemental payment to hospitals that enter into a

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

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

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

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

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

23 **SECTION 27.** 49.45 (6y) (ar) of the statutes is created to read:

24 49.45 (6y) (ar) Notwithstanding sub (3) (e), the department may, from the
25 appropriation account under s. 20.435 (4) (xc), make supplemental payments to

1 hospitals based on hospital performance, in accordance with a payment methodology
2 developed by the department, except that the department may not make payments
3 that exceed limitations based on customary charges under 42 USC 1396b (i) (3).

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

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

10 SECTION 29. 49.45 (6z) (a) (intro.) of the statutes is amended to read:

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

23 SECTION 30. 49.45 (8) (b) of the statutes is amended to read:

24 49.45 (8) (b) Reimbursement under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w) for home
25 health services provided by a certified home health agency or independent nurse

Cold - (5c) SUPPLEMENTAL FUNDING FOR UNCOMPENSATED CARE

(5c)

1 shall be made at the home health agency's or nurse's usual and customary fee per
2 patient care visit, subject to a maximum allowable fee per patient care visit that is
3 established under par. (c).

4 **SECTION 31.** 49.45 (24m) (intro.) of the statutes is amended to read:

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

10 **SECTION 32.** 49.45 (52) of the statutes is amended to read:

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

21 **SECTION 33.** 49.45 (59) of the statutes is created to read:

22 49.45 (59) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
23 department shall, from the appropriation account under s. 20.435 (4) (xc), pay each
24 health maintenance organization with which it contracts to provide medical

1 assistance a monthly amount that the health maintenance organization shall use to
2 make payments to hospitals under par. (b).

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

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

20 (d) Each health maintenance organization that provides medical assistance
21 shall report monthly to each hospital to which the health maintenance organization
22 makes payments under par. (b) such information regarding the payments that the
23 department specifies in its contract with the health maintenance organization to
24 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 **SECTION 34.** 49.472 (6) (a) of the statutes is amended to read:

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

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

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

12 **SECTION 36.** 49.473 (5) of the statutes is amended to read:

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

18 **SECTION 37.** 50.38 of the statutes is created to read:

19 **50.38 Hospital assessment.** (1) In this section "eligible hospital" means a
20 hospital that is not any of the following:

- 21 (a) A critical access hospital.
- 22 (b) An institution for mental diseases, as defined in s. 46.011 (1m).
- 23 (c) A general psychiatric hospital for which the department has issued a
24 certificate of approval under s. 50.35 that applies only to the psychiatric hospital, and
25 that is not a satellite of an acute care hospital.

1 **(2)** For the privilege of doing business in this state, there is imposed on each
2 eligible hospital an assessment each state fiscal year that is equal to a uniform
3 percentage, determined under sub. (3), of the hospital's gross patient revenues, as
4 reported under s. 153.46 (5) and determined by the department. The assessments
5 shall be deposited in the hospital assessment fund.

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

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

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

18 **(6)** (a) 1. If the federal government does not provide federal financial
19 participation under the federal Medicaid program for amounts collected under this
20 section that are used to make payments under s. 49.45 (3) (e) 11. or **(6y)** (at), that are ^(5r)
21 transferred under sub. (8) and used to make payments from the Medical Assistance
22 trust fund, or that are transferred under sub. (9) and expended under under s. 20.435
23 (4) (jw), the department shall, from the fund from which the payment or expenditure
24 was made, refund hospitals the amount for which the federal government does not
25 provide federal financial participation.

(5r)

1 2. If the department makes a refund under subd. 1. as result of failure to obtain
2 federal financial participation under the federal Medicaid program for a payment
3 under s. 49.45 (3) (e) 11. or (6y) (at) or a payment from the Medical Assistance trust
4 fund, the department shall recoup the part of the payment for which the federal
5 government does not provide federal financial participation.

6 3. Moneys recouped under subd. 2. for payments made from the hospital
7 assessment fund shall be deposited in the hospital assessment fund.

8 4. Moneys recouped under subd. 2. for payments made from the Medical
9 Assistance trust fund shall be deposited in the Medical Assistance trust fund.

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

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

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

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

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

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

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

4 (e) The total amount of payments that the department made to each hospital
5 under the Medical Assistance Program under subch. IV of ch. 49.

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

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

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

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

22 **SECTION 38.** 50.389 of the statutes is renumbered 50.377.

23 **SECTION 39.** 146.99 of the statutes is repealed.

24 **SECTION 40.** 149.10 (3m) (intro.) of the statutes is amended to read:

1 149.10 (3m) (intro.) "Health care coverage revenue" means any of the
2 following, but does not include payments to health maintenance organizations under
3 s. 49.45 (59) (a):

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

5 (1) HOSPITAL ASSESSMENT.

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

17 (b) *Medical Assistance fee-for-service schedule used as basis for managed care*
18 *reimbursement.* The department of health services shall present the inpatient and
19 outpatient hospital diagnosis related groupings rate and weight schedules
20 established by the department for state fiscal year 2007-08 to health maintenance
21 organizations and hospitals as the applicable schedule for reimbursement rates
22 under agreements between health maintenance organizations and hospitals that
23 reference the fee-for-services *fe* schedule to establish the rates that health
24 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. (a) The treatment of sections 20.435 (4) (gp), 46.27
25 (9) (a) and (10) (a) 1., 46.275 (5) (a) and (c), 46.283 (5), 46.284 (5) (a), 46.485 (2g)

(1) (intro.), 49.45 (5m) (am), ^(5r)(6m) (ag) (intro.), (6v) (b), (6x) (a), (6y) (a), (am), (ap), (ar),
2 and (at), (6z) (a) (intro.), (8) (b), (24m) (intro.), and (52), 49.472 (6) (a) and (b), 49.473
3 (5), and 146.99 of the statutes takes effect on July 1, 2009.

4 (END)



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

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

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 amount allocated to hospitals for MA services in SFY 2008-09, including both the state and federal share under MA, is the amount of the hospital assessment revenue divided by 57.75 percent, which is \$476,961,200. In SFY 2008-09, \$79,604,800 in 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 amount of payments to hospitals for MA services from hospital assessment revenue plus the federal share of MA is equal to 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.

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.

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
3		
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	SEG A	-0- 275,445,100
9		

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.

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

19 20.435 (4) (w) *Medical Assistance trust fund.* From the Medical Assistance
20 trust fund, biennially, the amounts in the schedule for meeting costs of medical
21 assistance administered under ss. 46.27, 46.275 (5), 46.278 (6), 46.283 (5), 46.284 (5),
22 49.45, and 49.472 (6), for refunds under s. 50.38 (6) (a), and for administrative costs

1 associated with augmenting the amount of federal moneys received under 42 CFR
2 433.51.

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

4 20.435 (4) (xc) *Hospital assessment fund; hospital payments.* From the hospital
5 assessment fund, the amounts in the schedule to reimburse eligible hospitals for
6 services provided under the Medical Assistance Program under subch. IV of ch. 49,
7 make payments to health maintenance organizations under s. 49.45 (59), provide
8 supplemental funds to rural hospitals under s. 49.45 (5m) (am), make supplemental
9 payments to Level I adult trauma centers under s. 49.45 (6y) (ap), make
10 supplemental payments to hospitals based on performance under s. 49.45 (6y) (ar),
11 make refunds under s. 50.38 (6), and make the transfer under s. 50.38 (8).

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

13 25.17 (1) (gs) Hospital assessment fund (s. 25.772);

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

15 25.77 (11) All moneys transferred under s. 50.38 (8).

16 **SECTION 8.** 25.77 (12) of the statutes is created to read:

17 25.77 (12) All moneys recouped and deposited under s. 50.38 (6) (a) 4.

18 **SECTION 9.** 25.772 of the statutes is created to read:

19 **25.772 Hospital assessment fund.** There is established a separate
20 nonlapsible trust fund designated as the hospital assessment fund, to consist of all
21 moneys received under s. 50.38 (2) from assessments on hospitals and all moneys
22 recouped and deposited under s. 50.38 (6) (a) 3.

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

24 46.27 (9) (a) The department may select up to 5 counties that volunteer to
25 participate in a pilot project under which they will receive certain funds allocated for

1 long-term care. The department shall allocate a level of funds to these counties
2 equal to the amount that would otherwise be paid under s. 20.435 (4) (b), ~~(gp)~~, or (w)
3 to nursing homes for providing care because of increased utilization of nursing home
4 services, as estimated by the department. In estimating these levels, the department
5 shall exclude any increased utilization of services provided by state centers for the
6 developmentally disabled. The department shall calculate these amounts on a
7 calendar year basis under sub. (10).

8 **SECTION 11.** 46.27 (10) (a) 1. of the statutes is amended to read:

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

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

16 46.275 **(5)** (a) Medical Assistance reimbursement for services a county, or the
17 department under sub. (3r), provides under this program is available from the
18 appropriation accounts under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w). If 2 or more counties
19 jointly contract to provide services under this program and the department approves
20 the contract, Medical Assistance reimbursement is also available for services
21 provided jointly by these counties.

22 **SECTION 13.** 46.275 (5) (c) of the statutes is amended to read:

23 46.275 **(5)** (c) The total allocation under s. 20.435 (4) (b), ~~(gp)~~, (o), and (w) to
24 counties and to the department under sub. (3r) for services provided under this
25 section may not exceed the amount approved by the federal department of health and

1 human services. A county may use funds received under this section only to provide
2 services to persons who meet the requirements under sub. (4) and may not use
3 unexpended funds received under this section to serve other developmentally
4 disabled persons residing in the county.

5 **SECTION 14.** 46.283 (5) of the statutes is amended to read:

6 46.283 (5) FUNDING. From the appropriation accounts under s. 20.435 (4) (b),
7 (bm), (~~gp~~), (pa), and (w) and (7) (b), (bd), and (md), the department may contract with
8 organizations that meet standards under sub. (3) for performance of the duties under
9 sub. (4) and shall distribute funds for services provided by resource centers.

10 **SECTION 15.** 46.284 (5) (a) of the statutes is amended to read:

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

18 **SECTION 16.** 46.485 (2g) (intro.) of the statutes is amended to read:

19 46.485 (2g) (intro.) From the appropriation accounts account under s. 20.435
20 (4) (b) and (~~gp~~), the department may in each fiscal year transfer funds to the
21 appropriation under s. 20.435 (7) (kb) for distribution under this section and from the
22 appropriation account under s. 20.435 (7) (mb) the department may not distribute
23 more than \$1,330,500 in each fiscal year to applying counties in this state that meet
24 all of the following requirements, as determined by the department:

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

1 **SECTION 18.** 49.45 (3) (e) 8. of the statutes is repealed.

2 **SECTION 19.** 49.45 (3) (e) 11. of the statutes is created to read:

3 49.45 (3) (e) 11. The department shall use a portion of the moneys collected
4 under s. 50.38 to pay for services provided by eligible hospitals, as defined in s. 50.38
5 (1), under the Medical Assistance Program under this subchapter, including services
6 reimbursed on a fee-for-service basis and services provided under a managed care
7 system. For state fiscal year 2008-09, total payments under this subdivision,
8 including both the federal and state share of Medical Assistance, shall equal the
9 amount collected under s. 50.38 (2) for fiscal year 2008-09 divided by 57.75 percent.
10 For each state fiscal year after state fiscal year 2008-09, total payments under this
11 subdivision, including both the federal and state share of Medical Assistance, shall
12 equal the amount collected under s. 50.38 (2) for the fiscal year divided by 61.68
13 percent.

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

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

24 **SECTION 21.** 49.45 (5r) of the statutes is created to read:

1 **49.45 (5r)** SUPPLEMENTAL FUNDING FOR UNCOMPENSATED CARE. Notwithstanding
2 sub. (3) (e), from the appropriation account under s. 20.435 (4) (w), the department
3 shall distribute \$3,000,000 in each fiscal year to the University of Wisconsin Hospital
4 and Clinics for care that is not otherwise compensated, except that the department
5 may not make payments that exceed limitations based on customary charges under
6 42 USC 1396b (i) (3).

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

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

15 **SECTION 23.** 49.45 (6v) (b) of the statutes is amended to read:

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

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

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

1 hospital, except that the department may not allocate funds to an essential access
2 city hospital to the extent that the allocation would exceed any limitation under 42
3 USC 1396b (i) (3).

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

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

15 **SECTION 26.** 49.45 (6y) (am) of the statutes is amended to read:

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

23 **SECTION 27.** 49.45 (6y) (ap) of the statutes is created to read:

24 49.45 (6y) (ap) Notwithstanding sub. (3) (e), from the appropriation accounts
25 under s. 20.435 (4) (o) and (xc), the department shall distribute not more than

1 \$8,000,000 in each fiscal year as supplemental payments to hospitals that satisfy the
2 criteria established by the American College of Surgeons for classification as a Level
3 I adult trauma center, except that the department may not make payments that
4 exceed limitations based on customary charges under 42 USC 1396b (i) (3).

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

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

11 **SECTION 29.** 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 30.** 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 31.** 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 32.** 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 33.** 49.45 (59) of the statutes is created to read:

24 49.45 (59) HEALTH MAINTENANCE ORGANIZATION PAYMENTS TO HOSPITALS. (a) The
25 department shall, from the appropriation account under s. 20.435 (4) (xc), pay each

1 health maintenance organization with which it contracts to provide medical
2 assistance a monthly amount that the health maintenance organization shall use to
3 make payments to hospitals under par. (b).

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

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

21 (d) Each health maintenance organization that provides medical assistance
22 shall report monthly to each hospital to which the health maintenance organization
23 makes payments under par. (b) such information regarding the payments that the
24 department specifies in its contract with the health maintenance organization to
25 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 **SECTION 34.** 49.472 (6) (a) of the statutes is amended to read:

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

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

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

12 **SECTION 36.** 49.473 (5) of the statutes is amended to read:

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

18 **SECTION 37.** 50.38 of the statutes is created to read:

19 **50.38 Hospital assessment.** (1) In this section "eligible hospital" means a
20 hospital that is not any of the following:

21 (a) A critical access hospital.

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

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

1 (2) For the privilege of doing business in this state, there is imposed on each
2 eligible hospital an assessment each state fiscal year that is equal to a uniform
3 percentage, determined under sub. (3), of the hospital's gross patient revenues, as
4 reported under s. 153.46 (5) and determined by the department. The assessments
5 shall be deposited in the hospital assessment fund.

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

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

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

18 (6) (a) 1. If the federal government does not provide federal financial
19 participation under the federal Medicaid program for amounts collected under this
20 section that are used to make payments under s. 49.45 (3) (e) 11. or (5r), that are
21 transferred under sub. (8) and used to make payments from the Medical Assistance
22 trust fund, or that are transferred under sub. (9) and expended under under s. 20.435
23 (4) (jw), the department shall, from the fund from which the payment or expenditure
24 was made, refund hospitals the amount for which the federal government does not
25 provide federal financial participation.

1 2. If the department makes a refund under subd. 1. as result of failure to obtain
2 federal financial participation under the federal Medicaid program for a payment
3 under s. 49.45 (3) (e) 11. or (5r) or a payment from the Medical Assistance trust fund,
4 the department shall recoup the part of the payment for which the federal
5 government does not provide federal financial participation.

6 3. Moneys recouped under subd. 2. for payments made from the hospital
7 assessment fund shall be deposited in the hospital assessment fund.

8 4. Moneys recouped under subd. 2. for payments made from the Medical
9 Assistance trust fund shall be deposited in the Medical Assistance trust fund.

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

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

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

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

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

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

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

4 (e) The total amount of payments that the department made to each hospital
5 under the Medical Assistance Program under subch. IV of ch. 49.

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

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

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

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

22 **SECTION 38.** 50.389 of the statutes is renumbered 50.377.

23 **SECTION 39.** 146.99 of the statutes is repealed.

24 **SECTION 40.** 149.10 (3m) (intro.) of the statutes is amended to read:

1 149.10 (3m) (intro.) "Health care coverage revenue" means any of the
2 following, but does not include payments to health maintenance organizations under
3 s. 49.45 (59) (a):

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

5 (1) HOSPITAL ASSESSMENT.

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

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

1 Medical Assistance Program under subchapter IV of chapter 49 of the statutes in
2 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. (a) The treatment of sections 20.435 (4) (gp), 46.27
25 (9) (a) and (10) (a) 1., 46.275 (5) (a) and (c), 46.283 (5), 46.284 (5) (a), 46.485 (2g)

1 (intro.), 49.45 (5m) (am), (5r), (6m) (ag) (intro.), (6v) (b), (6x) (a), (6y) (a), (am), (ap),
2 and (ar), (6z) (a) (intro.), (8) (b), (24m) (intro.), and (52), 49.472 (6) (a) and (b), 49.473
3 (5), and 146.99 of the statutes takes effect on July 1, 2009.

4 (END)