

HF1619 - 1A - "Childrens Hospital Contingent Alt MA Pmt"

Chief Author: **Joe Schomacker**
 Committee: **Health and Human Services Finance**
 Date Completed: **03/08/2017**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2017	FY2018	FY2019	FY2020	FY2021
Total	-	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge Date: 3/8/2017 12:55:15 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This legislation would require DHS to calculate an alternative Medical Assistance (MA) payment rate for licensed children’s hospitals in Minnesota

Assumptions

Under Federal Medicaid law, states are required to recognize financial losses incurred by hospitals that treat a disproportionate share of Medicaid patients by supplementing the regular payment rate. These payments are the difference between a hospital costs for treating Medicaid and uninsured patients and the payments received for this treatment. Recent guidance issued by the Centers for Medicare and Medicaid Services (CMS) indicated that payments for patients that are dually eligible for Medicaid and private insurance or Medicare must be included when calculating limits to the supplemental payments described above even in situations where Medicaid was never billed or they did not have liability because they were covered by other insurance. This policy would have a disproportionate impact on losses reported by children’s hospitals who see a high number of patients covered by both MA and other payers, and reduce MA payments to these providers. This legislation prescribes an alternative payment methodology for children’s hospitals to recover some of their losses should the reductions be applied.

The new payment rule has brought legal challenges to CMS, and DHS may impose these reductions pending the outcome of these cases. The hospital payment reductions that will result from these restrictions have not been applied to current MA payment rates and are not recognized in the MA forecast. As a result, there is no fiscal impact to the MA program resulting from this legislation.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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