

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 575** HLS 13RS 318

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 29, 2013	4:11 PM	Author: MONTOUCET
Dept./Agy.: DHH Medicaid		Analyst: Shawn Hotstream
Subject: Rural Hospital funding		

HOSPITALS

OR INCREASE GF EX See Note

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Provides for the definition of a rural hospital for purposes of the Rural Hospital Preservation Act

Proposed legislation designates, for purposes of the definition of rural hospital, certain hospitals as a rural hospital for purposes of the Rural Preservation Act. Proposed law includes a rural hospital that has no more than 60 beds as of August 1, 2013; and is located (as measured by the 2010 census) in a municipality with a population of less than 13,300, and is located in a parish with a population of less than 62,000.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$167,802	\$174,514	\$181,495	\$188,754	\$196,304	\$908,869
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$285,227	\$296,636	\$308,501	\$320,841	\$333,674	\$1,544,879
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$453,029	\$471,150	\$489,996	\$509,595	\$529,978	\$2,453,748

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$285,227	\$296,636	\$308,501	\$320,841	\$333,674	\$1,544,879
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$285,227	\$296,636	\$308,501	\$320,841	\$333,674	\$1,544,879

EXPENDITURE EXPLANATION

This measure is anticipated to increase expenditures of the Department of Health and Hospitals in FY 14 and in future fiscal years by allowing certain hospitals to receive Medicaid reimbursement at 110% of costs per the Rural Preservation Act payment formula. Information provided by the Department of Health and Hospitals indicates that only Doctor's Hospital in Leesville (Vernon Parish) currently qualifies under this measure, but other hospitals could qualify in future fiscal years. Payment increases are based on outpatient cost settlements reimbursed at 110%, and inpatient per diems reimbursed at the current rate for rural hospitals (\$1,722.88). These calculations are reflected below.

Doctor's Hospital at Deer Creek

	Outpatient cost	Inpatient	Total FY 14 increase
Increase amount:	\$93,768.61	\$359,260.46	\$453,029.07

The inpatient per diem is based on a change from \$788.54 to \$1,722.88, and is calculated on 299 acute days. The expenditure table above reflects 4% inflation growth in future fiscal years.

REVENUE EXPLANATION

The revenues reflected above represent federal financial participation, which was calculated using a federal match rate of 69.26% in FY 14 and future fiscal years.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer