

2024 Regular Session

HOUSE BILL NO. 558

BY REPRESENTATIVES TURNER AND THOMPSON

MEDICAID: Provides relative to the Local Healthcare Provider Participation Program

1 AN ACT

2 To amend and reenact R.S. 40:1248.1(3) and (6), 1248.3, 1248.7(A) and (C)(1) and (2), and

3 1248.8(A) through (D), to enact R.S. 40:1248.1(7) and 1248.5(D), and to repeal R.S.

4 40:1248.11 and 1248.12, relative to the Local Healthcare Provider Participation

5 Program; to provide for definitions; to provide for parish applicability; to identify

6 providers subject to the local hospital assessment payments; to provide a basis by

7 which hospital payments shall be assessed; to provide for an effective date; to repeal

8 provisions relative to enhanced reimbursement for rural and governmental

9 institutional providers; and to provide for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 40:1248.1(3) and (6), 1248.3, 1248.7(A) and (C)(1) and (2), and

12 1248.8(A) through (D) are hereby amended and reenacted and R.S. 40:1248.1(7) and

13 1248.5(D) are hereby enacted to read as follows:

14 §1248.1. Definitions

15 As used in this Subpart, the following terms have the meaning ascribed to

16 them in this Section:

17 \* \* \*

18 (3) "Institutional provider" means ~~a nongovernmental hospital licensed in~~

19 ~~accordance with the Hospital Licensing Law, R.S. 40:2100 et seq.~~ a governmental

1 institutional provider, nongovernmental institutional provider, or rural hospital, as  
2 applicable, located in participating parishes.

3 \* \* \*

4 (6) "~~Rural institutional provider~~ Rural hospital" means a rural hospital, ~~other~~  
5 ~~than one~~ as defined in R.S. 40:1189.3, ~~that is licensed by the department, has no~~  
6 ~~more than sixty hospital beds on November 1, 2020, and meets any of the following~~  
7 ~~criteria:~~

8 (a) ~~Is located in a municipality with a population of not less than seven~~  
9 ~~thousand persons and not more than seven thousand five hundred persons according~~  
10 ~~to the most recent federal decennial census and in a parish with a population of not~~  
11 ~~less than thirty thousand persons and not more than thirty-five thousand persons~~  
12 ~~according to the most recent federal decennial census.~~

13 (b) ~~Is located in a municipality with a population of not less than ten~~  
14 ~~thousand persons and not more than ten thousand five hundred persons according to~~  
15 ~~the most recent federal decennial census and in a parish with a population of not less~~  
16 ~~than eighty thousand persons and not more than ninety thousand persons according~~  
17 ~~to the most recent federal decennial census.~~

18 (c) ~~Is located in a municipality with a population of not less than three~~  
19 ~~thousand persons and not more than three thousand five hundred persons according~~  
20 ~~to the most recent federal decennial census and in a parish with a population of not~~  
21 ~~less than thirty thousand persons and not more than thirty-five thousand persons~~  
22 ~~according to the most recent federal decennial census.~~

23 (7) "Nongovernmental institutional provider" means a hospital licensed in  
24 accordance with the Hospital Licensing Law, R.S. 40:2100 et seq., that is not a  
25 governmental institutional provider or rural hospital.

26 \* \* \*

27 §1248.3. Applicability

28 The provisions of this Subpart shall apply ~~exclusively to the following~~  
29 ~~parishes:~~ any parish in which at least two institutional providers are located.

1           ~~(1) Any parish with a population of not less than forty thousand persons and~~  
2           ~~not more than forty-two thousand persons according to the most recent federal~~  
3           ~~decennial census.~~

4           ~~(2) Any parish with a population of not less than forty-six thousand persons~~  
5           ~~and not more than forty-seven thousand persons according to the most recent federal~~  
6           ~~decennial census.~~

7           ~~(3) Any parish in which a rural institutional provider is located.~~

8   \*       \*       \*

9           §1248.5. Powers and duties of parishes; limitations; inspection of provider records

10   \*       \*       \*

11           D.(1) A rural hospital may be included in assessment payments imposed  
12           pursuant to this Subpart if the rural hospital and parish enter into a mutual agreement  
13           to include the rural hospital.

14           (2) A governmental hospital may be included in assessment payments  
15           imposed in accordance with this Subpart if the governmental hospital and parish  
16           enter into a mutual agreement to include the governmental hospital.

17           (3) If a parish excludes providers, the definition of institutional provider as  
18           used in this Section and in R.S. 40:1248.8 shall be read to exclude such excluded  
19           providers.

20   \*       \*       \*

21           §1248.7. Local provider participation fund; authorized uses

22           A. Each parish that collects a local hospital assessment payment authorized  
23           by this Subpart ~~or in which a rural institutional provider is located~~ shall create a local  
24           provider participation fund. All income received by a parish pursuant to the  
25           provisions of this Subpart, including the revenue from local hospital assessment  
26           payments remaining after discounts and fees for assessing and collecting the  
27           payments are deducted, shall be deposited in the local provider participation fund of

1 the parish. Monies in the fund may be withdrawn only in accordance with and for  
2 purposes specified in the provisions of this Section.

3 \* \* \*

4 C. Monies in the local provider participation fund may be used only for one  
5 or more of the following purposes:

6 (1) To fund intergovernmental transfers from a parish to the state to provide  
7 the nonfederal share of a program of Medicaid payments for the benefit of ~~rural~~  
8 ~~institutional providers or other hospitals in the parish authorized under the Medicaid,~~  
9 ~~state plan.~~

10 (2) To pay the administrative expenses of a parish associated exclusively  
11 with activities authorized by this Subpart in an amount not to exceed the amount  
12 specified in R.S. 40:1248.8 ~~five percent of the local hospital assessment payment.~~

13 \* \* \*

14 §1248.8. Local hospital assessment payments; basis; calculation

15 A. Except as provided in Subsection E of this Section, a parish that collects  
16 a local hospital assessment payment authorized by this Subpart may require an  
17 annual local hospital assessment payment to be assessed quarterly using any basis  
18 permitted by 42 U.S.C. 1396b(w)(3) on the net patient revenue of each institutional  
19 provider located in the parish. ~~In the first year in which the local hospital assessment~~  
20 ~~payment is required, the local hospital assessment payment shall be assessed on the~~  
21 ~~net patient revenue of an institutional provider as determined by the most recently~~  
22 ~~filed Medicaid cost report.~~ The parish shall update the amount of the local hospital  
23 assessment payment on an annual basis.

24 B. ~~The amount of a local hospital assessment payment~~ authorized by this  
25 Subpart shall be uniformly imposed on ~~proportionate with the amount of net patient~~  
26 ~~revenue generated by~~ each paying hospital in the parish. In accordance with 42  
27 U.S.C. 1396b(w), a local hospital assessment payment authorized by this Subpart  
28 shall not hold harmless any institutional provider.

1           C. A parish that collects a local hospital assessment payment authorized by  
2 this Subpart shall set the amount of the local hospital assessment payment. The  
3 amount of the local hospital assessment payment required of paying hospitals may  
4 not exceed an amount that, when added to the amounts ~~amount of the local hospital~~  
5 assessment payment required of each paying hospital may not exceed an amount  
6 that, when added to the amount of the local hospital assessment payments required  
7 from all other paying hospitals in the parish, and the amount of any other assessment,  
8 local hospital assessment payment, or tax imposed by the state with a similar  
9 purpose, equals an amount of revenue that exceeds six percent of the aggregate net  
10 patient revenue of all ~~paying~~ hospitals in the ~~parish~~ state. The local hospital  
11 assessment shall also meet all other relevant Centers for Medicare and Medicaid  
12 Services tests. No later than the twentieth day before a hearing to set a rate pursuant  
13 to R.S. 40:1248.6, a parish shall inform the department of the amount of revenue to  
14 be collected under the proposed assessment. If the department determines that the  
15 proposed assessment will trigger federal compliance issues, including issues with  
16 respect to the six percent limit, the department shall inform the parish, prior to the  
17 hearing, of any necessary reductions in the amount to be collected or changes  
18 necessary to comply with federal requirements. If the parish does not follow  
19 recommendations or requests from the department, the department may terminate,  
20 or refuse to enter into, any intergovernmental transfer agreements with the parish.

21           D. Subject to the maximum payment amount prescribed in Subsection C of  
22 this Section, a parish that collects a local hospital assessment payment authorized by  
23 this Subpart shall set local hospital assessment payments in amounts that in the  
24 aggregate will generate sufficient revenue to cover the administrative expenses of the  
25 parish for activities provided for in this Subpart and to fund the nonfederal share of  
26 a Medicaid ~~base rate payment~~ payment for the benefit of hospitals in the parish;  
27 except that the amount of revenue from local hospital assessment payments used for  
28 administrative expenses of the parish for activities provided for in this Subpart in a

1 year may not exceed five percent of the total revenue generated from the local  
2 hospital assessment payment or twenty thousand dollars, whichever is lower ~~greater~~.

3 \* \* \*

4 Section 2. R.S. 40:1248.11 and 1248.12 are repealed in their entirety.

5 Section 3. This Act shall become effective upon signature by the governor or, if not  
6 signed by the governor, upon expiration of the time for bills to become law without signature  
7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
8 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
9 effective on the day following such approval.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HB 558 Reengrossed

2024 Regular Session

Turner

**Abstract:** Provides relative to the Local Healthcare Provider Participation Program.

Present law defines "institutional provider" as a nongovernmental hospital licensed in accordance with the present law. Proposed law redefines "institutional provider" as a governmental institutional provider, nongovernmental institutional provider, or rural hospital, as applicable, located in participating parishes.

Present law defines "rural institutional provider" as a rural hospital, other than one defined in present law, that is licensed by the La. Dept. of Health, that has no more than 60 hospital beds on a specific date, and meets certain criteria. Proposed law changes the term to a "rural hospital as defined in present law."

Proposed law defines "nongovernmental institutional provider" as a hospital licensed in accordance with present law that is not a governmental institutional provider or rural hospital.

Present law provides that the provisions of present law shall apply exclusively to parishes that meet certain criteria. Proposed law removes the criteria and provides that the provisions of present law shall apply to any parish in which at least two institutional providers are located.

Proposed law provides that a hospital provider may be included in assessment payments imposed under present law if the rural hospital and parish enter into a mutual agreement to include the rural hospital. Proposed law changes the reference to rural hospital further provides that a parish may include or exclude any or all governmental institutional providers from assessment payments imposed under present law.

Proposed law provides that, if a parish excludes providers, the definition of institutional provider as used in this present law shall be read to exclude certain providers.

Present law requires each parish that collects a local hospital assessment payment authorized by present law or in which a rural institutional provider is located to create a local provider participation fund. Proposed law removes language that requires each parish in which a rural institutional provider is located to create such a fund.

Present law provides that monies in the local provider participation fund may be used only to fund intergovernmental transfers as provided in present law in an amount not to exceed the 5% amount of the local hospital assessment payment as specified in present law. Proposed law removes references to rural institutional providers, replaces that language with rural hospitals, and discusses the 5% amount of the local hospital assessment payment.

Proposed law provides that, except as provided in present law, a parish that collects a local hospital assessment payment authorized by present law may require an annual local hospital assessment payment to be assessed quarterly on the net patient revenue of each institutional provider located in the parish. Present law further provides that in the first year in which the local hospital assessment payment is required, the local hospital assessment payment shall be assessed on the net patient revenue of an institutional provider and requires the parish to update the amount of the local hospital assessment payment on an annual basis.

Proposed law removes language relative to the net patient revenue of an institutional provider and requires the annual local hospital assessment payment to be assessed quarterly using any basis permitted by present law.

Present law requires the amount of a local hospital assessment payments authorized by present law to be uniformly proportionate with the amount of net patient revenue generated by each paying hospital in the parish. Proposed law requires the amount of a local hospital assessment payment authorized by present law to be uniformly imposed on each paying hospital in the parish.

Present law provides that the amount of the local hospital assessment payment required of each paying hospital may not exceed an amount that, when added to the amount of the local hospital assessment payments required from all other paying hospitals in the parish, and the amount of any assessment, local hospital assessment payment, or tax imposed by the state, equals an amount of revenue that exceeds 6% of the aggregate net patient revenue of all paying hospitals in the parish.

Proposed law provides the amount of the local hospital assessment payment required of paying hospitals may not exceed an amount that, when added to the amounts of any other assessment, local hospital assessment payment, or tax imposed by the state with a similar purpose, equals an amount of revenue that exceeds 6% of the aggregate net patient revenue of all hospitals in the state.

Present law provides that the amount of revenue from local hospital assessment payments used for administrative expenses for parish activities in a year may not exceed 5% of the total revenue generated from the local hospital assessment payment or \$20,000, whichever is greater. Proposed law amends present law to whichever is lower.

Proposed law repeals present law relative to enhanced reimbursement for governmental institutional providers and rural institutional providers.

Proposed law requires local hospitals to meet all other relevant Centers for Medicare and Medicaid Services (CMS) tests.

Proposed law requires a parish to inform the department of the amount of revenue to be collected under the proposed assessment no later than the 20<sup>th</sup> day before a hearing to set a rate in accordance with present law.

Proposed law further requires the department to inform the parish, prior to the hearing, of any necessary reductions in the proposed assessment if it determines that the amount collected will trigger certain issues with respect to the 6% percent limit.

Present law references funding the nonfederal share of a Medicaid base rate payment. Proposed law replaces that reference with "payment for the benefit of hospitals in the parish".

Proposed law provides that if the parish does not follow recommendations or requests from the department, the department may terminate, or refuse to enter into, any intergovernmental transfer agreements with the parish.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 40:1248.1(3) and (6), 1248.3, 1248.7(A) and (C)(1) and (2), and 1248.8(A)-(D); Adds R.S. 40:1248.1(7) and 1248.5(D); Repeals R.S. 40:1248.11 and 1248.12)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Health and Welfare to the original bill:

1. Change references from "rural institutional provider" to "rural hospital".
2. Insert language regarding the required amount of the local hospital assessment payment.
3. Require local hospitals to meet all relevant CMS tests.
4. Establish provisions relative to rate setting, the collection of revenues, and reductions.
5. Change the "base rate payment" reference to "payment for the benefit of hospitals in the parish".
6. Make technical corrections.

#### The House Floor Amendments to the engrossed bill:

1. Remove language that allows a parish to include or exclude any or all governmental institutional providers from assessment payments imposed. Proposed law, instead, provides that a governmental hospital may be included in assessment payments imposed in accordance with proposed law if the governmental hospital and parish enter into a mutual agreement to include the governmental hospital.
2. Provide that if the parish does not follow recommendations or requests from the department, the department may terminate, or refuse to enter into, any intergovernmental transfer agreements with the parish.
3. Change requirement for a parish to inform the department of the amount of revenue to be collected under the proposed assessment from no later than the 10th day to no later than the 20th day before a hearing to set a rate in accordance with present law.
4. Make technical corrections.