



2003 SENATE BILL 530

March 5, 2004 – Introduced by Senator SCHULTZ. Referred to Committee on Health, Children, Families, Aging and Long Term Care.

- 1 **AN ACT to amend** 49.45 (3) (e) 1. and 49.45 (3) (e) 4. of the statutes; **relating to:**
2 hospital payment or reimbursement under Medical Assistance.

Analysis by the Legislative Reference Bureau

Under current law, the Department of Health and Family Services (DHFS) is authorized to develop, implement, and periodically update methods for reimbursing or paying hospitals for allowable services or commodities that are provided to Medical Assistance (MA) recipients. The methods may include standards and criteria that limit reimbursement or payment to that which would be provided to an economically and efficiently operated facility. If DHFS reimburses hospitals retrospectively under these methods, total reimbursement for allowable services, care, or commodities may not exceed the lower of the hospital's charges or the actual and reasonable allowable costs to the hospital of providing the services, plus any federal disproportionate share funding that the hospital is qualified to receive.

This bill requires, rather than authorizes, DHFS to develop, implement, and update the methods for reimbursing or paying hospitals for MA services or commodities. The bill changes the methods standard that is related to an economically and efficiently operated facility to one under which the reimbursement or payment rate for each hospital must be reasonable and adequate to meet costs that must be incurred by efficiently and economically operated facilities in order to provide care and services in conformity with state and federal law. The bill also specifies that hospitals may receive federally or state authorized supplemental payments in addition to the reimbursement or payment under the methods. The methods do not apply to hospitals that are reimbursed based on costs. If DHFS

SENATE BILL 530

reimburses hospitals retrospectively under the methods, total reimbursement may not exceed the hospital's charges for the services, plus any federal disproportionate share funding.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 **SECTION 1.** 49.45 (3) (e) 1. of the statutes is amended to read:

2 49.45 (3) (e) 1. The department may shall develop, implement and periodically
3 update methods for reimbursing or paying hospitals for allowable services or
4 commodities provided a recipient. The methods ~~may include standards and criteria~~
5 ~~for limiting any given hospital's total reimbursement or payment to that which~~
6 ~~would be provided to an economically and efficiently operated facility~~ shall provide
7 a reimbursement or payment rate for each hospital that is reasonable and adequate
8 to meet the costs that must be incurred by efficiently and economically operated
9 facilities in order to provide care and services in conformity with applicable state
10 statutes and rules and federal statutes and regulations, and quality and safety
11 standards, except that these methods do not apply to hospitals, including critical
12 access hospitals, that are reimbursed based on costs. In addition to the
13 reimbursement rate specified under this subdivision, hospitals may receive
14 supplemental payments as provided by state statutes or rules or federal statutes or
15 regulations.

16 **SECTION 2.** 49.45 (3) (e) 4. of the statutes is amended to read:

17 49.45 (3) (e) 4. If the department maintains a retrospective reimbursement
18 system under subd. 1. for specific provided services or commodities, total
19 reimbursement determined under subd. 1. for allowable services, care, or

SENATE BILL 530

1 commodities provided recipients during the hospital's fiscal year may not exceed the
2 lower of the hospital's charges for the services ~~or the actual and reasonable allowable~~
3 ~~costs to the hospital of providing the services~~, plus any disproportionate share
4 funding that the hospital is qualified to receive under 42 USC 1396r-4.

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(END)