

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2023 REGULAR SESSION**

MEASURE

2023 BR NUMBER 405

HOUSE BILL NUMBER 75 HCS1

TITLE AN ACT relating to hospital rate improvement programs and declaring an emergency.

SPONSOR Representative Brandon Reed

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Department for Medicaid Services

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED Medical Assistance
Revolving Trust Fund

FISCAL ESTIMATES	2022-2023	2023-2024	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES	\$63,663,100 RF \$254,652,400 FF	\$322,499,200 RF \$1,143,406,300 FF	Indeterminable
NET EFFECT	(\$63,663,100) RF (\$254,652,400) FF	(\$322,499,200) RF (\$1,143,406,300) FF	Indeterminable

() indicates a decrease/negative

PURPOSE OF MEASURE: The purpose of the measure is to provide for Medicaid reimbursement of outpatient hospital services under the Hospital Rate Improvement Program (HRIP).

FISCAL EXPLANATION: Currently, the HRIP only applies to Medicaid reimbursements for inpatient hospital services. The Department for Medicaid Services estimates that inclusion of reimbursement for outpatient hospital services in the HRIP would result in increased Medicaid expenditures of \$318.3 million in Fiscal Year (FY) 2023 with an increase of \$63.7 million in Restricted Funds and \$254.6 million in Federal Funds. In FY 2024, the legislation is estimated to result in increased Medicaid expenditures of \$1.4 billion with an increase of \$322.5 million in Restricted Funds and \$1.1 billion in Federal Funds. Hospitals would continue to pay the state match share – as represented in the Restricted Funds – through the hospital provider tax.

DATA SOURCE(S): Cabinet for Health and Family Services

PREPARER: Miriam Fordham **NOTE NUMBER:** 29 **REVIEW:** JAB **DATE:** 2/14/2023