

1 A CONCURRENT RESOLUTION creating the Task Force on Alternative
2 Reimbursement Payment Models for Rural Hospitals.

3 WHEREAS, the Chartis Center for Rural Health (CCRH) reports that 120 rural
4 hospitals have closed in the United States between 2010 and January 1, 2020; and

5 WHEREAS, CCRH identified 12 hospitals as "at risk" and six hospitals as "most
6 vulnerable" in Kentucky as of January 1, 2020; and

7 WHEREAS, the Cecil G. Sheps Center for Health Services Research at University
8 of North Carolina at Chapel Hill reports that four hospitals have closed in Kentucky since
9 2010 and a fifth hospital, Our Lady of Bellefonte Hospital in Ashland, has just announced
10 it will close in September 2020; and

11 WHEREAS, rural hospital operating margins have trended downwards for the last
12 five years; and

13 WHEREAS, all-payer global hospital budgets have been proposed as an innovative
14 solution for rural hospitals that can restore financial solvency, advance population health,
15 and slow health care costs; and

16 WHEREAS, a rural hospital that agrees to participate in an all-payer global
17 budgeting payment arrangement would know its revenues in advance of the year,
18 allowing it to concentrate on providing the services its community needs as well as on the
19 prevention and management of chronic illness; and

20 WHEREAS, Maryland has used an all-payer global hospital budgeting
21 reimbursement method since 2010; and

22 WHEREAS, a second state, Pennsylvania, has adopted a similar model called the
23 "Pennsylvania Rural Health Model" in response to its challenges with rural hospital
24 closures; and

25 WHEREAS, the Commonwealth of Kentucky should provide access to high quality
26 and affordable health care to its rural residents and a sustainable, predictable funding
27 stream to its rural hospitals;

1 NOW, THEREFORE,

2 *Be it resolved by the House of Representatives of the General Assembly of the*
3 *Commonwealth of Kentucky, the Senate concurring therein:*

4 ➔Section 1. The Legislative Research Commission is hereby directed to establish
5 the Task Force on Alternative Reimbursement Payment Models for Rural Hospitals. The
6 task force shall consider alternative methods for helping rural hospitals in Kentucky
7 address the challenges they face in continuing to provide access to health care services to
8 their communities, improving health care outcomes, and increasing financial
9 sustainability.

10 ➔Section 2. The task force shall:

- 11 (1) Assess rural hospital transformation plans in other states including the
12 Commonwealth of Pennsylvania;
- 13 (2) Evaluate programs and opportunities offered by the Center for Medicare and
14 Medicaid Innovation to implement global payment models;
- 15 (3) Examine the feasibility of adopting a rural health transformation model using an all-
16 payer global budgeting payment arrangement to help rural hospitals in Kentucky;
17 and
- 18 (4) Consider any other alternative methods by which the General Assembly may assist
19 the sustainability of rural hospitals in Kentucky.

20 ➔Section 3. The task force shall have the following members, with the final
21 membership of the task force being subject to the consideration and approval of the
22 Legislative Research Commission:

- 23 (1) Two members of the House of Representatives chosen by the Speaker of the House
24 of Representatives, one of whom shall be designated as co-chair;
- 25 (2) One member of the House of Representatives chosen by the House Minority Floor
26 Leader;
- 27 (3) Two members of the Senate chosen by the President of the Senate, one of whom

- 1 shall be designated as co-chair;
- 2 (4) One member of the Senate chosen by the Senate Minority Floor Leader;
- 3 (5) The secretary of the Cabinet for Health and Family Services, or designee;
- 4 (6) The inspector general of the Office of the Inspector General, Cabinet for Health and
5 Family Services, or designee;
- 6 (7) The commissioner of the Department of Insurance, or designee;
- 7 (8) One chief executive officer of a health benefit insurance company, or designee,
8 representing health benefit insurance plans operating in Kentucky, not including
9 Medicaid managed care organizations contracting with the Cabinet for Health and
10 Family Services, submitted by the Kentucky Department of Insurance;
- 11 (9) One chief executive officer of a Medicaid managed care organization or designee,
12 representing Medicaid managed care organizations contracting with the Cabinet for
13 Health and Family Services submitted by the Cabinet for Health and Family
14 Services;
- 15 (10) One chief executive officer of a rural hospital or designee, selected by the Kentucky
16 Hospital Association;
- 17 (11) One representative from any rural hospitals choosing to participate to be selected by
18 the Kentucky Hospital Association; and
- 19 (12) Two members who are nationally recognized experts in rural health care delivery or
20 in developing and administering global budgets, one of whom shall be selected by
21 the University of Kentucky and one of who shall be selected by the University of
22 Louisville.

23 ➔Section 4. The task force shall meet at least six times during the 2020 Interim
24 and shall submit its findings, legislative recommendations, or strategies to the Legislative
25 Research Commission by December 1, 2020. If legislative recommendations are
26 submitted, the Legislative Research Commission may refer the recommendations to the
27 appropriate committee or committees of jurisdiction in advance of the 2021 Regular

1 Session of the Kentucky General Assembly.