

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2019 REGULAR SESSION**

**MEASURE**

2019 BR NUMBER 1355

HOUSE BILL NUMBER 320

**TITLE** AN ACT relating to hospital rate improvement programs and making an appropriation therefor.

**SPONSOR** Representative John Bam Carney

**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 Hospital Medicaid Assessment Fund

FISCAL ESTIMATES	2018-2019	2019-2020	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		Indeterminable	Indeterminable
EXPENDITURES		Indeterminable	Indeterminable
NET EFFECT		Indeterminable	Indeterminable

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** The purpose of the measure is to establish programs to increase Medicaid reimbursement rates for hospital services provided by a qualifying hospital to Medicaid recipients.

**FISCAL EXPLANATION:** The Cabinet for Health and Family Services estimates that the legislation would have a minimal impact. However, the fiscal impact is contingent on a number of factors. The bill would create an assessment that qualified hospitals would pay on a quarterly basis and would be assessed using established formulas. The assessment is intended to cover the Medicaid state match that would be needed as supplemental payments are made quarterly back to the hospitals based on established formulas. Those payments would be made from the newly created restricted fund and the leveraged Medicaid federal funds. The fiscal impact would be negative if the assessment were calculated at less than the amount needed to cover the state match or if those funds were not available. The proposed assessment plan must get federal approval prior to implementation.

The legislation states that the Department for Medicaid Services cannot reduce reimbursement rates to hospitals and this could hinder the ability of the agency to operate in years of financial hardship. Also, any excess disproportionate share tax will be transferred to the newly created hospital Medicaid assessment fund, and this could impact the disproportionate share fund and the agency in future years.

**DATA SOURCE(S):** Cabinet for Health and Family Services, Department for Medicaid Services  
**PREPARER:** Kevin Newton **NOTE NUMBER:** 67 **REVIEW:** JAB **DATE:** 2/19/2019

LRC 2019-BR1355-HB320