

IN THE SENATE

SENATE BILL NO. 1092, As Amended

BY HEALTH AND WELFARE COMMITTEE

AN ACT

RELATING TO MEDICAID; AMENDING SECTION 56-265, IDAHO CODE, TO PROVIDE FOR REIMBURSEMENT FOR NEW IN-STATE HOSPITALS SERVING AS MEDICAID PROVIDERS, TO PROVIDE A LIMITATION, AND TO MAKE A TECHNICAL CORRECTION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 56-265, Idaho Code, be, and the same is hereby amended to read as follows:

56-265. PROVIDER PAYMENT. (1) Where there is an equivalent, the payment to medicaid providers:

(a) May be up to but shall not exceed one hundred percent (100%) of the current medicare rate for primary care procedure codes as defined by the centers for medicare and medicaid services; and

(b) Shall be ninety percent (90%) of the current medicare rate for all other procedure codes.

(2) Where there is no medicare equivalent, the payment rate to medicaid providers shall be prescribed by rule.

(3) Notwithstanding any other provision of this chapter, if the services are provided by a private, freestanding mental health hospital facility that is an institution for mental disease as defined in 42 U.S.C. 1396d(i), the department shall reimburse for inpatient services at a rate not to exceed ninety-one percent (91%) of the current medicare rate within federally allowed reimbursement under the medicaid program. The reimbursement provided for in this subsection shall be effective until July 1, 2021.

(4) The department shall, through the annual budget process, include a line-item request for adjustments to provider rates. All changes to provider payment rates shall be subject to approval of the legislature by appropriation.

(5) Notwithstanding any other provision of this chapter, the department may enter into agreements with providers to pay for services based on their value in terms of measurable health care quality and positive impacts to participant health.

(a) Any such agreement shall be designed to be cost-neutral or cost-saving compared to other payment methodologies.

(b) The department is authorized to pursue waiver agreements with the federal government as needed to support value-based payment arrangements, up to and including fully capitated provider-based managed care.

(6) Medicaid reimbursement for critical access hospitals, out-of-state hospitals, ~~and~~ state-owned hospitals, and new in-state hospitals shall be as follows:

(a) In-state, critical access hospitals as designated according to 42 U.S.C. 1395i-4(c)(2)(B) shall be reimbursed at one hundred one percent (101%) of cost;

1 (b) Out-of-state hospitals shall be reimbursed at eighty-seven percent
2 (87%) of cost;

3 (c) State-owned hospitals shall be reimbursed at one hundred percent
4 (100%) of cost; ~~and~~

5 (d) Out-of-state hospital institutions for mental disease as defined
6 in 42 U.S.C. 1396d(i) shall be reimbursed at a per diem equivalent to
7 ninety-five percent (95%) of cost; ~~and~~

8 (e) New in-state hospitals, defined as those that have received first
9 accreditation from the centers for medicare and medicaid services
10 (CMS) or other CMS-approved accreditation bodies and are designated as
11 in-state noncritical access hospitals may, at the hospital's option,
12 be reimbursed at ninety-one percent (91%) of cost for a period of up to
13 thirty-six (36) months following receipt of accreditation approval.
14 Following the initial period of operation of up to thirty-six (36)
15 months, new in-state hospitals will be reimbursed pursuant to subsec-
16 tion (8) of this section.

17 (7) The department shall equitably reduce net reimbursements for all
18 hospital services, including in-state institutions for mental disease but
19 excluding all hospitals and institutions described in subsection (6) of
20 this section, by amounts targeted to reduce general fund needs for hospital
21 payments by three million one hundred thousand dollars (\$3,100,000) in state
22 fiscal year 2020 and eight million seven hundred twenty thousand dollars
23 (\$8,720,000) in state fiscal year 2021.

24 (8) The department shall work with all Idaho hospitals, including in-
25 stitutions for mental disease as defined in 42 U.S.C. 1396d(i), to establish
26 value-based payment methods for inpatient and outpatient hospital services
27 to replace existing cost-based reimbursement methods for in-state hospi-
28 tals, other than those hospitals and institutions described in subsection
29 (6) of this section, effective July 1, 2021. Budgets for hospital payments
30 shall be subject to prospective legislative approval. Any new in-state hos-
31 pital as described in subsection (6) (e) of this section will be reimbursed
32 pursuant to this subsection once the initial period of operation is com-
33 plete.

34 (9) The department shall work with Idaho hospitals to establish a
35 quality payment program for inpatient and outpatient adjustment payments
36 described in section 56-1406, Idaho Code. Inpatient and outpatient adjust-
37 ment payments shall be subject to increase or reduction based on hospital
38 service quality measures established by the department in consultation with
39 Idaho hospitals.

40 (10) The provisions of subsection (6) (e) of this section shall be effec-
41 tive only from July 1, 2021, through June 30, 2024.