



House of Representatives

General Assembly

File No. 326

February Session, 2010

Substitute House Bill No. 5412

House of Representatives, April 6, 2010

The Committee on Human Services reported through REP. WALKER of the 93rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT TRANSFERRING HOSPITAL UNCOMPENSATED CARE FUNDS AND URBAN DISPROPORTIONATE SHARE HOSPITAL FUNDS INTO THE FUND FOR HOSPITAL MEDICAID RATES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) For the fiscal year ending
2 June 30, 2010, and for each fiscal year thereafter, the funds
3 appropriated to hospitals in the accounts Disproportionate Share -
4 Medical Emergency Assistance, DSH - Urban Hospitals in Distressed
5 Municipalities and Connecticut Children's Medical Center shall be
6 transferred to the Medicaid Rates - Hospitals account for the purpose
7 of obtaining federal matching funds. Such funds shall be used to
8 increase each hospital's Medicaid rate to offset one hundred per cent of
9 the hospital's loss of disproportionate share funds resulting from the
10 transfer of such funds.

11 (b) The Commissioner of Social Services shall require each managed
12 care organization participating in the HUSKY Plan to pay to
13 contracting hospital providers no less than the rate established by the

14 commissioner for the Medicaid fee-for-service program.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section

HS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY10 \$	FY11 \$
Department of Social Services	GF - Potential Revenue Gain	2,710,981	5,421,963 to 10,843,925

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill transfers funds from the Department of Social Services' Disproportionate Share - Medical Emergency Assistance, DSH - Urban Hospitals in Distressed Municipalities and Connecticut Children's Medical Center accounts to the Medicaid account. The section further requires DSS to increase Medicaid hospital rates by a proportionate amount. Annual funding for these three accounts totals \$94,295,000.

Currently, the state is reimbursed by the federal government at a 50% level for expenditures under these accounts. However, through December 31, 2010 the state is receiving an enhanced match of 61.5% on Medicaid expenditures. Therefore, should the federal government approve the enhanced match on these new Medicaid rates, the state would realize a revenue gain in FY 10 of \$2.7 million and FY 11 of \$5.4 million. There have been several proposals at the federal level to extend the enhanced federal Medicaid match until June 30, 2011. Should this extension happen, the state would realize a total revenue gain in FY 11 of \$10.8 million.

The bill specifies that the HUSKY managed care hospital rates also be adjusted to reflect the higher Medicaid Hospital rates. This analysis assumes that the department would apportion the new \$94.3 million in Medicaid funds between Medicaid fee-for-service rates and Medicaid

HUSKY managed care rates.

The Out Years

As the extended federal match ends in FY 11, there is no out year impact.

OLR Bill Analysis**sHB 5412*****AN ACT TRANSFERRING HOSPITAL UNCOMPENSATED CARE FUNDS AND URBAN DISPROPORTIONATE SHARE HOSPITAL FUNDS INTO THE FUND FOR HOSPITAL MEDICAID RATES.*****SUMMARY:**

Beginning in FY 10 and for each subsequent fiscal year, this bill requires that funds appropriated to hospitals in the Disproportionate Share Hospital (DSH)-Medical Emergency Assistance, DSH-Urban Hospitals in Distressed Municipalities, and the Connecticut Children's Medical Center accounts be transferred to the Medicaid Rates-Hospitals account. (All of these are line items in DSS' budget.)

The purpose of the transfer is for the state to obtain enhanced federal matching funds. (An enhanced federal match (61.9% versus 50%) is available until December 30, 2010 under the federal American Recovery and Reinvestment Act. State DSH payments are eligible for only a 50% federal match.) By moving these funds to the Medicaid Rate line item, the state qualifies for the enhanced match.

The bill requires that the transferred funds be used to increase each hospital's Medicaid (presumably fee-for-service (FFS)) rate by an amount that fully offsets the loss of DSH payments resulting from the transfer.

The bill also requires the DSS commissioner to require each managed care organization (MCO) participating in HUSKY to pay hospitals with which they contract at least the rate the DSS commissioner establishes for hospitals participating in the Medicaid fee-for-service program. Currently, the MCOs use the FFS rates as a base rate.

EFFECTIVE DATE: Upon passage

BACKGROUND

Related Bill

SB 492 (§ 55), passed by the Senate on March 27, 2010, includes identical language.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Substitute

Yea 14 Nay 5 (03/23/2010)