

**RURAL HEALTH CARE INITIATIVE**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: John W. Hickman**

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**LONG TITLE**

**General Description:**

This bill amends Rural Health Services within the Utah Health Code.

**Highlighted Provisions:**

This bill:

► requires the Department of Health to use increases in the federal share of Medicaid disproportionate share hospital payments for payments to small and rural hospitals.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

ENACTS:

**26-9-4**, Utah Code Annotated 1953

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **26-9-4** is enacted to read:

**26-9-4. Additional funding for small and rural hospitals.**

(1) In fiscal year 2004, the Department of Health shall allocate to small and rural hospitals at least 12% of the total Medicaid dollars for disproportionate share hospital payments, including both federal and state allocations, available under Section 1923 of the Social Security Act, as amended. This percentage shall increase to 20% in fiscal year 2005,



28 and to 25% in all subsequent fiscal years.

29 (2) For purposes of this section, "small and rural hospitals" shall mean hospitals that  
30 qualify for federal Medicaid disproportionate share hospital payments, under Section 1923 of  
31 the Social Security Act, as amended, and have 150 or fewer licensed acute hospital beds.

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**Legislative Review Note**

**as of 1-23-04 10:06 AM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**State Impact**

The disproportionate share hospital (DSH) payments made to small and rural hospitals currently meet the 12% threshold for FY 2004. In order to increase that percentage to 20% in FY 2005, approximately \$1 million would need to be reduced from other hospitals that do not fall under the small and rural definition and diverted to those hospitals that do meet the definition. In FY 2006, the percentage increases to 25%, which would require a further diversion of an additional \$600,000.

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**Individual and Business Impact**

Small and rural hospitals would see increases in their DSH payments. Hospitals that do not fit the small and rural hospital definition would see decreases in their DSH payments.

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**Office of the Legislative Fiscal Analyst**