

1                   **REAUTHORIZATION OF HOSPITAL PROVIDER**

2                                   **ASSESSMENT ACT**

3   2016 GENERAL SESSION

4   STATE OF UTAH

5                                   **Chief Sponsor: Brian E. Shiozawa**

6                                   House Sponsor: James A. Dunnigan

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8   **LONG TITLE**

9   **Committee Note:**

10           The Health and Human Services Interim Committee recommended this bill.

11   **General Description:**

12           This bill reauthorizes the Hospital Provider Assessment Act.

13   **Highlighted Provisions:**

14           This bill:

- 15           ▶ amends the repeal of the assessment;
- 16           ▶ extends the sunset of the assessment; and
- 17           ▶ makes technical amendments.

18   **Money Appropriated in this Bill:**

19           None

20   **Other Special Clauses:**

21           None

22   **Utah Code Sections Affected:**

23   AMENDS:

24           **26-36a-203**, as last amended by Laws of Utah 2013, Chapter 32

25           **26-36a-208**, as last amended by Laws of Utah 2013, Chapter 32

26           **63I-1-226**, as last amended by Laws of Utah 2015, Chapters 16, 31, and 258



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

29 Section 1. Section **26-36a-203** is amended to read:

30 **26-36a-203. Calculation of assessment.**

31 (1) (a) An annual assessment is payable on a quarterly basis for each hospital in an  
32 amount calculated at a uniform assessment rate for each hospital discharge, in accordance with  
33 this section.

34 (b) The uniform assessment rate shall be determined using the total number of hospital  
35 discharges for assessed hospitals divided into the total non-federal portion in an amount  
36 consistent with Section **26-36a-205** that is needed to support capitated rates for accountable  
37 care organizations for purposes of hospital services provided to Medicaid enrollees.

38 (c) Any quarterly changes to the uniform assessment rate shall be applied uniformly to  
39 all assessed hospitals.

40 (d) The annual uniform assessment rate may not generate more than:

41 (i) \$1,000,000 to offset Medicaid mandatory expenditures; and

42 (ii) the non-federal share to seed amounts needed to support capitated rates for  
43 accountable care organizations as provided for in Subsection (1)(b).

44 (2) (a) For each state fiscal year, discharges shall be determined using the data from  
45 each hospital's Medicare Cost Report contained in the Centers for Medicare and Medicaid  
46 Services' Healthcare Cost Report Information System file. The hospital's discharge data will be  
47 derived as follows:

48 (i) for state fiscal year 2013, the hospital's cost report data for the hospital's fiscal year  
49 ending between July 1, 2009, and June 30, 2010;

50 (ii) for state fiscal year 2014, the hospital's cost report data for the hospital's fiscal year  
51 ending between July 1, 2010, and June 30, 2011;

52 (iii) for state fiscal year 2015, the hospital's cost report data for the hospital's fiscal year  
53 ending between July 1, 2011, and June 30, 2012; [~~and~~]

54 (iv) for state fiscal year 2016, the hospital's cost report data for the hospital's fiscal year  
55 ending between July 1, 2012, and June 30, 2013[-]; and

56 (v) for each subsequent state fiscal year, the hospital's cost report data for the hospital's  
57 fiscal year that ended in the state fiscal year two years prior to the assessment fiscal year.

58 (b) If a hospital's fiscal year Medicare Cost Report is not contained in the Centers for

59 Medicare and Medicaid Services' Healthcare Cost Report Information System file:

60 (i) the hospital shall submit to the division a copy of the hospital's Medicare Cost  
61 Report applicable to the assessment year; and

62 (ii) the division shall determine the hospital's discharges.

63 (c) If a hospital is not certified by the Medicare program and is not required to file a  
64 Medicare Cost Report:

65 (i) the hospital shall submit to the division its applicable fiscal year discharges with  
66 supporting documentation;

67 (ii) the division shall determine the hospital's discharges from the information  
68 submitted under Subsection (2)(c)(i); and

69 (iii) the failure to submit discharge information shall result in an audit of the hospital's  
70 records and a penalty equal to 5% of the calculated assessment.

71 (3) Except as provided in Subsection (4), if a hospital is owned by an organization that  
72 owns more than one hospital in the state:

73 (a) the assessment for each hospital shall be separately calculated by the department;  
74 and

75 (b) each separate hospital shall pay the assessment imposed by this chapter.

76 (4) Notwithstanding the requirement of Subsection (3), if multiple hospitals use the  
77 same Medicaid provider number:

78 (a) the department shall calculate the assessment in the aggregate for the hospitals  
79 using the same Medicaid provider number; and

80 (b) the hospitals may pay the assessment in the aggregate.

81 Section 2. Section **26-36a-208** is amended to read:

82 **26-36a-208. Repeal of assessment.**

83 (1) The repeal of the assessment imposed by this chapter shall occur upon the  
84 certification by the executive director of the department that the sooner of the following has  
85 occurred:

86 (a) the effective date of any action by Congress that would disqualify the assessment  
87 imposed by this chapter from counting towards state Medicaid funds available to be used to  
88 determine the federal financial participation;

89 (b) the effective date of any decision, enactment, or other determination by the

90 Legislature or by any court, officer, department, or agency of the state, or of the federal  
91 government that has the effect of:

92 (i) disqualifying the assessment from counting towards state Medicaid funds available  
93 to be used to determine federal financial participation for Medicaid matching funds; or

94 (ii) creating for any reason a failure of the state to use the assessments for the Medicaid  
95 program as described in this chapter;

96 (c) the effective date of:

97 (i) an appropriation for any state fiscal year from the General Fund for hospital  
98 payments under the state Medicaid program that is less than the amount appropriated for state  
99 fiscal year 2012;

100 (ii) the annual revenues of the state General Fund budget return to the level that was  
101 appropriated for fiscal year 2008;

102 ~~[(iii) approval of any change in the state Medicaid plan that requires a greater  
103 percentage of Medicaid patients to enroll in Medicaid managed care plans than what is  
104 required:]~~

105 ~~[(A) to implement accountable care organizations in the state plan; and]~~

106 ~~[(B) by other managed care enrollment requirements in effect on or before January 1,  
107 2012;]~~

108 ~~[(iv)]~~ (iii) a division change in rules that reduces any of the following below July 1,  
109 2011 payments:

110 (A) aggregate hospital inpatient payments;

111 (B) adjustment payment rates; or

112 (C) any cost settlement protocol; or

113 ~~[(v)]~~ (iv) a division change in rules that reduces the aggregate outpatient payments  
114 below July 1, 2011 payments; and

115 (d) the sunset of this chapter in accordance with Section [63I-1-226](#).

116 (2) If the assessment is repealed under Subsection (1), money in the fund that was  
117 derived from assessments imposed by this chapter, before the determination made under  
118 Subsection (1), shall be disbursed under Section [26-36a-205](#) to the extent federal matching is  
119 not reduced due to the impermissibility of the assessments. Any funds remaining in the special  
120 revenue fund shall be refunded to the hospitals in proportion to the amount paid by each

121 hospital.

122 Section 3. Section **63I-1-226** is amended to read:

123 **63I-1-226. Repeal dates, Title 26.**

124 (1) Title 26, Chapter 9f, Utah Digital Health Service Commission Act, is repealed July  
125 1, 2025.

126 (2) Section **26-10-11** is repealed July 1, 2020.

127 (3) Section **26-21-23**, Licensing of non-Medicaid nursing care facility beds, is repealed  
128 July 1, 2018.

129 (4) Title 26, Chapter 33a, Utah Health Data Authority Act, is repealed July 1, 2024.

130 (5) Title 26, Chapter 36a, Hospital Provider Assessment Act, is repealed July 1, [~~2016~~]  
131 2019.

132 (6) Section **26-38-2.5** is repealed July 1, 2017.

133 (7) Section **26-38-2.6** is repealed July 1, 2017.

134 (8) Title 26, Chapter 56, Hemp Extract Registration Act, is repealed July 1, 2016.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**