HOUSE RESEARCH

Bill Summary

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Overview

This bill requires MA critical access hospital and disproportionate share hospital (DSH) payments to be based on new methodologies, beginning July 1, 2015. Critical access hospitals receive this designation from the Minnesota Department of Health, based on federal criteria related to rural location, number of beds, average length of stay, and other factors. DSH payments under MA are available to hospitals with higher than average MA patient days.

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1 **Hospital payment rates.** Amends § 256.969, subd. 2b. Requires payment rates for critical access hospitals located in Minnesota or the local trade area to be determined using a new cost-based methodology, effective for discharges on or after July 1, 2015. Requires the commissioner to include in the methodology tiers of payment to promote efficiency and cost-effectiveness. Specifies other requirements for the methodology and lists factors to be used to develop the new methodology.

2 **Disproportionate numbers of low-income patients served.** Amends § 256.969, subd. 9. Requires disproportionate share hospital (DSH) payments to be paid according to a new methodology, effective July 1, 2015. Requires annual DSH payments under the new methodology to equal the total amount of DSH payments made for 2012. Lists factors that the methodology must take into account. Requires payments returned to the commissioner because they exceed the hospital-specific DSH limit for a hospital to be redistributed to other DSH-eligible hospitals in a manner established by the commissioner.

3 **Hospital outpatient reimbursement.** Amends §256B.75. Effective July 1, 2015, provides that rates for outpatient, emergency, and ambulatory surgery hospital facility fee services for

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critical access hospitals for the payment year are the final payment and not settled to actual costs.