



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0312 - Provide for rural emergency hospital designation (Etchart, Jodee)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: Rural Emergency Hospital (REH) is a new provider type allowed by the Centers for Medicare and Medicaid (CMS), effective January 1, 2023. There is minimal guidance from CMS relating to Medicaid implementation of the REH designation. Due to insufficient guidance, the fiscal impact of the REH designation under Department of Public Health and Human Services Medicaid program is unknown.

FISCAL ANALYSIS

Assumptions:

1. The Department of Public Health and Human Services assumes that more guidance will be received by CMS prior to any facility be designated as a REH.
2. It is unknown if any Montana facility will meet the specific requirements to be designated as an REH.

Technical Notes:

1. Hospitals that become REHs will be reimbursed differently under Medicare. CAHs are currently paid at the hospital specific cost to charge ratio and cost settled at 101% of cost. Enrolled REHs will be paid the Medicare outpatient prospective payment system rate, increased by 5% for covered outpatient department services. Regardless of facility size or service volume, an enrolled REH will receive a monthly facility payment of \$272,866 from Medicare. The monthly facility payment will increase annually by the hospital

market basket percentage increase. Medicare payments are not administered by the department or any state agency.

2. REHs would still be eligible to participate in the outpatient hospital reimbursement adjustor (HRA) payments for Medicaid outlined in ARM 37.86.3015. However, REHs would no longer pay the inpatient utilization fee under 15-66-102, MCA and would not be eligible for the inpatient HRA payments under ARM 37.86.2928.
3. There is minimal guidance from CMS relating to Medicaid implementation of the REH designation. It is unknown how the new Medicare payment methodology and provider type impacts the required Upper Payment Limit (UPL). Montana hospital supplemental payments are limited by the Upper Payment Limit. Without updated UPL guidance from CMS, Montana is unable to determine the impact that the new provider type has on supplemental payments for Medicaid.



Sponsor's Initials

Date



Budget Director's Initials

2-3-23

Date