

HCS SS SCS SB 775 -- FEDERAL REIMBURSEMENT ALLOWANCE

SPONSOR: Brown

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Budget by a vote of 32 to 1. Voted "Do Pass" by the Rules- Legislative Oversight Committee by a vote of 11 to 0.

This bill extends the sunsets from September 30, 2018, to September 30, 2020, for the federal reimbursement allowance taxes for the Ground Ambulance, Nursing Facility, Medicaid Managed Care Organization, Hospital, Pharmacy, and Intermediate Care Facility for the Intellectually Disabled.

Beginning July 1, 2019, this bill imposes the federal reimbursement allowance on managed care organizations including health maintenance organizations (HMO's) based on revenue or enrollment and may impose differential rates on Medicaid and commercial business.

Additionally, this bill repeals existing provisions of law regarding hospital reimbursement allowance calculations and alternative reimbursements for outpatient services. Instead, each state fiscal year, the amount of federal reimbursement allowance levied under the Hospital Reimbursement Allowance Tax shall not exceed 41% of the total payments to hospitals from the Federal Reimbursement Allowance Fund and associated federal match, including payments made to hospitals from state-contracted managed care organizations that are attributable to the reimbursement fund and associated federal match. By October 1 of each subsequent state fiscal year, the Department of Social Services shall report this calculation and the underlying data to the House Budget Committee and the Senate Appropriations Committee.

This bill is similar to SB 638 (2018), SB 932 (2018), HB 1410 (2018), and HB 1747 (2018).

PROPOSERS: Supporters say that the health care provider tax, known as the federal reimbursement allowance (FRA) is really just a short-term loan. Beginning in 1992, the state has levied a tax on these providers to take advantage of federal Medicaid matching funds and then reimbursed the providers through appropriations from the federal funds. This bill extends the sunset on these taxes to 2020, adds HMOs, and adds safeguard language for hospitals relating to their payments from managed care organizations.

Testifying for the bill were Senator Brown; Missouri Hospital Association; Department of Social Services; SSM Health; Missouri Healthcare Association; Fire Service Alliance; Missouri Pharmacy

Association; Missouri Chamber of Commerce and Industry; BJC Healthcare; Cox Health; Mosaic; Missouri Ambulance Association; and St. Luke's Health System.

OPPONENTS: There was no opposition voiced to the committee.