

HCS HB 760 -- FEDERAL REIMBURSEMENT ALLOWANCES

SPONSOR: Flanigan

COMMITTEE ACTION: Voted "Do Pass" by the Select Committee on Budget by a vote of 22 to 0.

This bill extends the sunsets from September 30, 2015 to September 30, 2018, for the Ground Ambulance, Nursing Facility, Medicaid Managed Care Organization, Hospital, Pharmacy, and Intermediate Care Facility for the Intellectually Disabled Reimbursement Allowance Taxes. The MO HealthNet division cannot recover disproportionate share hospital audit recoupments from Truman Hospital when an intergovernmental transfer was used for the non-federal share of its disproportionate share hospital payments.

PROPONENTS: 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 just extends the sunset on these taxes to 2018.

Testifying for the bill were Representative Flanigan; Missouri Hospital Association; St. Luke's Health System of Kansas City; Missouri Pharmacy Association; Missouri Fire Service Alliance; Missouri Health Care Association; and BJC Health Care Systems.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that unlike most hospitals, patients at Truman Hospital are uninsured or on Medicaid. It is a primary teaching hospital and treats 12% of all uncompensated care of the state. The way the FRA works with Truman Hospital is that the hospital does an intergovernmental transfer. With hospital audits, Truman is required to pay disproportionate share recoupments on funds it didn't receive. All other hospitals get a payment back for the tax. Truman has proposed language so it doesn't have this inequity as the bill goes forward.

Testifying on the bill were Aetna; Healthcare USA; and Truman Medical Centers.