

Regular Session, 1997

SENATE BILL NO. 500

BY SENATORS HINES AND LANDRY AND REPRESENTATIVES A. ALEXANDER, R. ALEXANDER, DURAND, GLOVER, MCCALLUM, RIDDLE, THOMAS AND THOMPSON

AN ACT

To enact Part L of Chapter 5 of Title 40 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 40:1300.111 through 1300.116, relative to health care; to enact the Rural Hospital Preservation Act; to provide for legislative findings and purpose; to provide definitions; to provide for certain reimbursements in the state Medicaid plan; to provide for promulgation of such reimbursement provisions; to prohibit exclusion of hospitals in a rural area from certain health care organizations; to provide for certain additional protection for hospitals in a rural area; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Part L of Chapter 5 of Title 40 of the Louisiana Revised Statutes of 1950, comprised of R.S. 40:1300.111 through 1300.116, is hereby enacted to read as follows:

PART L. RURAL HOSPITAL PRESERVATION ACT

§1300.111. Short title

This Part may be cited as the "Rural Hospital Preservation Act".

§1300.112. Legislative findings; purpose

A. The legislature finds that:

(1) Small rural hospitals provide most of the health care services required by a substantial number of low income rural residents living in the state and therefore constitute an invaluable part of the health care delivery system of the state.

(2) Residents living in rural areas of the state, which consist of sixty-four percent of the state's parishes, are in poorer health than residents living in the urban areas of the state and lack adequate public transportation.

(3) Small rural hospitals are in poor financial condition as a result of payment reductions in the Medicare and Medicaid programs and as a result of the advent and penetration of managed care in the state.

(4) Small rural hospitals have a difficult time attracting physicians to practice in their service areas, thereby resulting in a continued shortage of primary health care in the state's rural areas.

(5) Absent intervention, continued reductions in the Medicare and Medicaid programs, as well as changes in health care reimbursement methodologies and the continued spread of managed care, have caused and will continue to cause the closure of many of the state's small rural hospitals, thereby jeopardizing the very existence of a vital link in the health care delivery system for residents residing in rural areas of the state.

(6) Rural hospitals constitute, in many instances, the largest single employer of residents in areas served by them and thus constitute a vital economic component of many rural parish economies.

B. The legislature hereby declares that, absent the enactment of the following provisions, the very existence of Louisiana's small rural hospital is imperiled. The legislature hereby declares that the purpose of this Part is to assure the continued viability of rural hospitals.

§1300.113. Definitions

As used in this Part:

(1) "Department" means the Department of Health and

Hospitals or its successor in the role of designated state agency under Title XIX of the Social Security Act or any successor Act including, but not limited to, block grants or other funding for medical care of the poor.

(2) "Emergency medical condition" means acute symptoms of sufficient severity such that the absence of immediate medical attention could reasonably be expected to result in any one or more of the following:

(a) Placing the health of the individual in serious jeopardy, including the health of the unborn child in the case of a pregnant woman.

(b) Serious impairment to any bodily function.

(c) Serious dysfunction of any bodily part.

(3)(a) "Rural hospital" means a hospital licensed by the department which meets one of the following criteria:

(i) Has no more than sixty hospital beds as of July 1, 1994, and:

(aa) is located in a parish with a population of less than fifty thousand; or

(bb) is located in a municipality with a population of less than twenty thousand.

(ii) Meets the qualifications of a sole community hospital under 42 CFR 412.92(a).

(b) "Rural hospital" does not mean a long-term care hospital, a rehabilitation hospital, or a free-standing psychiatric hospital.

(4) "State plan for medical assistance" means the plan promulgated by the department in accordance with its role as designated state agency under Title XIX of the Social Security Act, or its successor plan, including but not limited to any plan adopted

pursuant to any federal law creating block grants or other funding for medical care of the poor.

§1300.114. Medical assistance programs; rural hospital reimbursement

A. The department shall adopt rules and regulations in accordance with the Administrative Procedure Act that provide the following:

(1) Allow a rural hospital to certify as a contributing public agency, public funds as representing expenditures eligible for federal financial participation in the Medicaid program to the extent authorized by federal law. The expenditure of such funds shall be in accordance with rules promulgated by the department.

(2) Maximize existing disproportionate share funding to the extent allowed by federal law and in amounts as may be appropriated by the legislature.

(3)(a) With respect to reimbursement for services furnished in another state, the department shall insure that reimbursement for such services shall be the lesser of the payment for such services by the state wherein such hospital is located or the department's payment made to like in-state providers. The department shall provide coverage for such services to the same extent that it would pay for services furnished within the boundaries of this state, only if any of the following conditions is met:

(i) Medical services are needed because of a medical emergency.

(ii) Medical services are needed and the recipient's health would be endangered if he were required to travel to his state or residence.

(iii) The state determines, on the basis of medical advice, that the needed medical services are necessary supplementary resources, and more readily available in the other state.

(iv) It is general practice for recipients in a particular locality to use medical resources in another state.

(b) In the event federal requirements for the state plan for medical assistance permit the department to impose further restrictions on payment for and coverage of medical services to Louisiana Medicaid patients rendered by out-of-state providers, the department shall promulgate regulations restricting payment for and coverage of such services to the fullest extent permitted by law.

B. The rules and regulations promulgated pursuant to Subsection A of this Section shall be promulgated no later than one hundred twenty days after the effective date of this Part. No later than one hundred twenty days after the effective date of this Part, the department shall also submit to the secretary of the United States Department of Health and Human Services those amendments to the state plan for medical assistance necessary to conform the state plan for medical assistance with the provisions of Subsection A of this Section.

§1300.115. Managed care organizations

Managed care organizations, including but not limited to health maintenance organizations, other entities authorized by law to bear risk for the payment of health care services, and preferred provider organizations, which offer health services in the state through health service plans offered to Louisiana residents directly or indirectly, except with respect to a qualified benefit plan governed by ERISA, shall, in parishes in which enrollees or beneficiaries of the organization reside or in parishes which the organization services, offer rural hospitals and hospitals located in parishes with a population of sixty-five thousand or less, and physicians practicing at such hospitals,

participation as providers in the managed care organizations on terms and conditions that are no more restrictive than applicable to other hospitals and physicians practicing at such hospitals. To qualify for participation in health services plans offered by managed care organizations, such hospitals may obtain either Medicare certification from the United States Department of Health and Human Services or accreditation by the Joint Commission on Accreditation of Healthcare Organizations. The provisions of this Section shall not apply to any plan offered through the State Employee Group Benefits Program.

§1300.116. Pilot regulatory, demonstration program

No later than one hundred twenty days after the effective date of this Part, the department shall appoint a committee which shall review current licensing standards and determine which of these standards may be relaxed as applied to rural hospitals. In addition, the department shall seek the assistance of the Louisiana congressional delegation to establish a hospital demonstration program under the auspices of the department and of the United States Department of Health and Human Services. The demonstration shall focus on a relaxation of regulatory requirements for rural hospitals and shall liberalize staffing requirements as well as the minimum number of beds a hospital must operate.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____