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**FISCAL IMPACT REPORT**

SPONSOR:	Heaton	DATE TYPED:	02/08/00	HB	354
SHORT TITLE:	Amend Indigent Hospital & County Health Care Act			SB	
				ANALYST:	Taylor

**APPROPRIATION**

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
See Narrative					

Duplicates/Conflicts with/Companion to/Relates to None

**SOURCES OF INFORMATION**

Human Services Department

Health Policy Commission

## **SUMMARY**

### Synopsis of Bill

HB 354 would change provisions in law relating to the sole community provider fund. It provides a formula to determine the maximum allowable amount a county can contribute to the sole community provider fund beginning with FY01. The formula determines the maximum contribution as the share of indigents living in the county relative to the state's total indigent population. County contributions to the sole community provider fund are optional. If a county contributes less than its maximum share, the human services department is required to proportionately increase the maximum allowable contributions for the other participating counties. The bill allocates sole community hospital provider payments to the counties in proportion to their contribution, and the counties are required to designate which hospitals will receive funding.

## **FISCAL IMPLICATIONS**

There are no fiscal impacts to the state. However, some there may be some shifting in costs among counties, and some hospitals may receive more or less revenues than they do under the current formula.

## **ADMINISTRATIVE IMPLICATIONS**

The human services department reports that the bill requires that the department develop a procedure for calculating the indigency level for each eligible county, but that they are unaware of a data base that would allow them to make such a calculation.

## **SUBSTANTIVE ISSUES**

- The Health Policy Commission (HPC) reports that the current formula for contributions allows each county to contribute a maximum amount equal to the county indigent fund claims paid out in 1992, with an allowance for increasing contributions as the maximum federal allowable amount for the state is adjusted for inflation.
- The HPC notes that the current formula is not able to adjust for changes in counties' indigent populations' utilization patterns. The new formula would allow counties to allocate funds to the hospitals that their residents are using.
- Because different counties define indigent in different ways, some hospitals are receiving more sole community provider funding than the amount of indigent care being provided according to the HPC.
- Current contributions may not be proportional to the number of indigents in some counties. Thus, the change to a proportional contribution formula may result in a shifting of relative shares among counties. However, since each county determines how much it will contribute up to the maximum, no county would be forced to pay more than it currently does. But to the degree that counties contribute less than the maximum, the formula potentially shifts some of the additional costs to the remaining counties.
- The HPC suggests that it may be a good idea to phase-in the formula change in order to mitigate against rapid shifts in a hospital's funding.

BT/njw