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SENATE BILL NO. 956

Offered January 19, 2018

A BILL to amend the Code of Virginia by adding in Chapter 22 of Title 2.2 an article numbered 11, consisting of sections numbered 2.2-2351 through 2.2-2360, and by adding in Title 32.1 a chapter numbered 20, consisting of sections numbered 32.1-373 through 32.1-378, relating to the Virginia Health Care Access Program.

Patron—Barker

Referred to Committee on Education and Health

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 22 of Title 2.2 an article numbered 11, consisting of sections numbered 2.2-2351 through 2.2-2360, and by adding in Title 32.1 a chapter numbered 20, consisting of sections numbered 32.1-373 through 32.1-378, as follows:

Article 11.

Virginia Health Care Access Authority.

§ 2.2-2351. Definitions.

As used in this article, unless the context requires a different meaning:

"Authority" means the Virginia Health Care Access Authority.

"Board" means the Board of Directors of the Authority.

"Director" means the Director of the Department of Medical Assistance Services.

"Secretary" means the Secretary of Health and Human Resources.

§ 2.2-2352. Virginia Health Care Access Authority created.

A. There is hereby created as a public body and as a political subdivision of the Commonwealth the Virginia Health Care Access Authority. The authority is constituted as a public instrumentality exercising public and essential governmental functions and the exercise by the Authority of such powers and duties conferred by this article shall be deemed and held to be the performance of an essential governmental function of the Commonwealth. The exercise of powers granted by this article shall be in all respects for the benefit of the inhabitants of the Commonwealth and the purpose of providing for the health, welfare, convenience, knowledge, benefit, and prosperity of residents of the Commonwealth.

B. The Authority is authorized to exercise independently the powers conferred by this article in furtherance of its corporate and public purposes.

§ 2.2-2353. Board of Directors; membership; chairman; meetings; compensation.

A. The Authority shall be governed by a Board of Directors consisting of the Secretaries of Finance and Health and Human Resources, the Director of the Department of Medical Assistance Services, and 11 nonlegislative citizen members appointed as follows: six nonlegislative citizen members appointed by the Governor, including three nonlegislative citizen members who are members of the Virginia Hospital and Healthcare Association, one nonlegislative citizen member who is a member of the Virginia Association of Health Plans, one nonlegislative citizen member who is a licensed physician, and one nonlegislative citizen member who is a director of a local department of social services; three nonlegislative citizen members appointed by the Speaker of the House of Delegates, including two nonlegislative citizen members who represent a corporate purchaser of health care and one nonlegislative citizen member who is a consumer of health care; and two nonlegislative citizen members appointed by the Chairman of the Senate Committee on Rules, including one nonlegislative citizen member who is a representative of local government and one nonlegislative citizen member who is a representative of the licensed health carriers responsible for a managed care health insurance plan that is contracted by the Department of Medical Assistance Services to provide medical assistance services pursuant to Chapter 10 (§ 32.1-323 et seq.) of Title 32.1. Nonlegislative citizen members of the Board shall be citizens of the Commonwealth.

The Secretaries of Finance and Health and Human Services shall serve ex officio with voting privileges. The Director of the Department of Medical Assistance Services shall serve ex officio without voting privileges. Ex officio members of the Board shall serve terms coincident with their terms of office.

Nonlegislative citizen members shall be appointed for terms of two years and shall serve until their successors are appointed. Any appointment to fill a vacancy, other than by expiration of a term, shall be for the unexpired term. All members may be reappointed; however, no member shall serve more than two consecutive terms. The remainder of any term to which a member is appointed to fill a vacancy shall not constitute a term in determining the member's eligibility for reappointment. Vacancies shall be

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59 filled in the same manner as the original appointment.

60 Any member of the Board may be removed for malfeasance, misfeasance, incompetence, or gross  
61 neglect of duty or otherwise at the pleasure of the appointing authority.

62 B. The Board shall elect a chairman from among its membership. The Director or, with the approval  
63 of the Board, his designee shall act as secretary of the Board and shall not be entitled to any additional  
64 compensation for such service.

65 C. The Board shall meet at least four times each year and may hold such other meetings as it deems  
66 appropriate. A majority of the Board shall constitute a quorum for meetings, and the Board may act by  
67 a majority of those present at any meeting.

68 D. The Board may adopt, amend, and repeal such rules, regulations, procedures, and bylaws not  
69 contrary to the provisions of this article as it deems expedient for its own governance and the  
70 governance and management of the Authority.

71 E. Nonlegislative citizen members of the Board shall be entitled to such compensation as provided in  
72 § 2.2-2813 for their services. All members shall be entitled to reimbursement for all reasonable and  
73 necessary expenses incurred in the performance of their duties as provided in §§ 2.2-2813 and 2.2-2825.  
74 Funding for the costs of compensation and expenses of the members shall be provided by the Authority.

75 F. The provisions of the State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq.)  
76 shall apply to the members of the Board and any directors, officers, employees, or agents of the  
77 Authority.

78 **§ 2.2-2354. Powers and duties of the Authority.**

79 A. The Authority shall have all the powers necessary or appropriate to carry out and effectuate the  
80 purposes and provisions of this article, including:

81 1. To impose and collect an assessment upon hospitals and managed care health insurance plans  
82 operating in the Commonwealth in accordance with Chapter 20 (§ 32.1-373 et seq.) of Title 32.1 to  
83 obtain funding to improve access to health care services for recipients of medical assistance services  
84 and other medically needy, low-income underinsured and uninsured residents of the Commonwealth; to  
85 support the financial stability of rural hospitals and access to care in rural areas of the Commonwealth;  
86 and to fund programmatic and financial support for health professional education by public and private  
87 teaching hospitals within the Commonwealth;

88 2. To disburse and expend funds contained in the Virginia Health Care Access Fund established  
89 pursuant to § 32.1-375 in accordance with Chapter 20 (§ 32.1-373 et seq.) of Title 32.1;

90 3. To make and execute contracts, guarantees, or any other instruments and agreements necessary or  
91 incidental to the exercise of its powers and duties, including contracts to operate and manage its  
92 operations, and to incur liabilities and secure the obligations of any entity or individual;

93 4. To develop partnerships with and among public and private entities to coordinate delivery of  
94 health care services designed to improve the health of recipients of medical assistance services and  
95 other medically needy, low-income underinsured and uninsured residents of the Commonwealth and to  
96 reduce the cost, including the per capita cost, of such services;

97 5. To conduct or engage in any lawful business, activity, effort, or project consistent with the  
98 Authority's purposes or necessary or incidental to exercise its powers;

99 6. To exercise, in addition to its other powers, all powers that are granted to corporations by the  
100 provisions of Title 13.1 or similar provisions of any successor law, except in those cases where, by the  
101 express terms of the provisions thereof, the power is confined to corporations created under such title,  
102 and that are not inconsistent with the purposes and intent of this article or the limitations included in  
103 this article; and

104 7. To provide for the appointment, employment, terms, compensation, and removal of a director and  
105 such other officers, employees, or agents of the Authority, including consultants, attorneys, and  
106 accounts, as the Board deems appropriate.

107 B. The Authority shall not have the power to borrow money or issue or incur debt on behalf of the  
108 Commonwealth or itself.

109 C. The Authority shall have the duty to:

110 1. Implement and oversee the administration of the Virginia Health Care Access Fund and Virginia  
111 Health Care Access Program created pursuant to Chapter 20 (§ 32.1-373 et seq.) of Title 32.1; and

112 2. Identify and take necessary steps to obtain funding from public and private sources to fund  
113 improved access to health care services for recipients of medical assistance services and other medically  
114 needy, low-income underinsured or uninsured residents of the Commonwealth; to support the financial  
115 stability of rural hospitals and access to care in rural areas of the Commonwealth; and to fund  
116 programmatic and financial support for health professional education by public and private teaching  
117 hospitals within the Commonwealth.

118 **§ 2.2-2355. Acceptance of public or private funds; moneys held in trust.**

119 A. The Authority may seek, accept, receive, disburse, and expend the proceeds of the annual  
120 assessment imposed pursuant to § 32.1-376 and such federal and state funds and other such other

121 moneys, public or private, to accomplish, in whole or in part, any of the purposes of this article. Funds  
122 received pursuant to this section shall be deposited into the Virginia Health Care Access Fund  
123 established pursuant to § 32.1-375. All federal moneys accepted under this section shall be accepted and  
124 expended upon such terms and conditions as are prescribed by the United States and as are consistent  
125 with state law, and all state moneys accepted pursuant to this section shall be accepted and expended  
126 upon such terms and conditions as are prescribed by the Commonwealth.

127 B. All moneys received pursuant to this section shall be deemed to be trust funds to be held and  
128 applied solely as provided in this article. The resolution authorizing the receipt of any moneys shall  
129 provide that any officer with whom, or any bank or trust company with which, such moneys shall be  
130 deposited shall act as a trustee of such moneys and shall hold and apply the same for the purposes  
131 hereof, subject to the requirements of this article.

132 **§ 2.2-2356. Form of accounts and records; audit; annual report.**

133 The accounts and records of the Authority showing the receipt and disbursement of funds from  
134 whatever source derived shall be in a form prescribed by governmental generally accepted accounting  
135 standards. Such accounts shall correspond as nearly as possible to the accounts and records for such  
136 matters maintained by enterprises.

137 The accounts of the Authority shall be audited annually by an independent certified public  
138 accountant or the Auditor of Public Accounts.

139 The Authority shall annually, following the close of each fiscal year and prior to December 1, submit  
140 a report of its activities for the preceding year to the Governor and the General Assembly. Each report  
141 shall set forth a complete operating and financial statement for the Authority during the preceding fiscal  
142 year.

143 **§ 2.2-2357. Public purpose.**

144 The exercise of the powers granted by this article shall be in all respects for the benefit of the  
145 inhabitants of the Commonwealth and for the promotion of their safety, health, welfare, convenience,  
146 and prosperity. No part of the assets or earnings of the Authority shall inure to the benefit of, or be  
147 distributable to, any private individual, except as permitted or required by Chapter 20 (§ 32.1-373 et  
148 seq.) of Title 32.1 and except that reasonable compensation may be paid for services rendered to or for  
149 the Authority affecting one or more of its purposes, and benefits may be conferred that are in  
150 conformity with said purposes.

151 **§ 2.2-2358. Exemption from taxation.**

152 The Authority is declared to be performing a public function and to be a public body corporate and  
153 a political subdivision of the Commonwealth. Accordingly, the Authority shall not be required to pay  
154 any taxes or assessments upon any project or any property or upon any operations of the Authority or  
155 the income therefrom, or any taxes or assessments upon any project or any property or local obligation  
156 acquired or used by the Authority under the provisions of this article or upon the income therefrom. The  
157 exemptions hereby granted shall not extend to persons or entities conducting on the Authority's property  
158 businesses for which payment of state or local taxes would otherwise be required.

159 **§ 2.2-2360. Article liberally construed.**

160 This article shall constitute full and complete authority, without regard to the provisions of any other  
161 law, for the doing of the acts and things herein authorized and shall be liberally construed to effect the  
162 purposes hereof. Insofar as the provisions of this article are inconsistent with the provisions of any  
163 other law, general, specific, or local, the provisions of this article shall be controlling.

164 CHAPTER 20.

165 VIRGINIA HEALTH CARE ACCESS PROGRAM.

166 **§ 32.1-373. Definitions.**

167 As used in this chapter, unless the context requires a different meaning:

168 "Authority" means the Virginia Health Care Access Authority established pursuant to Article 11  
169 (§ 2.2-2351 et seq.) of Chapter 22 of Title 2.2.

170 "Covered hospital" means any hospital, as defined in § 32.1-123, other than those exempt pursuant  
171 to § 32.1-376, that has permanent facilities located in the Commonwealth that include inpatient beds.

172 "Covered teaching hospital" means a covered hospital that is a private teaching hospital located in  
173 the Commonwealth.

174 "Department" means the Department of Medical Assistance Services.

175 "Director" means the Director of the Department of Medical Assistance Services.

176 "Fund" means the Virginia Health Care Access Fund established pursuant to § 32.1-375.

177 "Managed care organization" means a health carrier licensed to operate in the Commonwealth  
178 pursuant to Chapter 58 (§ 38.2-5800 et seq.) of Title 38.2.

179 "Managed care organization hospital payment gap" means the additional amount that must be added  
180 to capitation rates paid by a managed care organization to make payment of all hospital services at the  
181 maximum allowable rate rather than rates based on the amount included in the capitation rate for

182 hospital services financed without using hospital assessment funds actuarially sound for managed care  
183 organizations.

184 "Newly eligible adult" means an individual described in 42 U.S.C. § 1396a(a)(10)(A)(i)(VIII).

185 "Newly eligible adult payment gap" means the total amount of the nonfederal share of the cost of  
186 providing medical assistance services to newly eligible adults in accordance with the provisions of 42  
187 U.S.C. § 1396d(y) less the projected annual general fund savings for the Commonwealth and other  
188 nonfederal net savings associated with implementation of coverage for newly eligible adults.

189 "Program" means the Virginia Health Care Access Program established pursuant to § 32.1-374.

190 "Rural hospital" means any covered hospital identified as rural under the Wage Index File S-3  
191 issued by the Centers for Medicare and Medicaid Services or any Sole Community Hospital  
192 redesignated as rural in Table 9C issued by the Centers for Medicare and Medicaid Services.

193 "State Plan" means the state plan for medical assistance under Title XIX (§ 42 U.S.C § 1396 et  
194 seq.) of the Social Security Act.

195 "Secretary" means the Secretary of Health and Human Resources.

196 "Type One teaching hospital" means a hospital that was a state-owned teaching hospital on January  
197 1, 1996.

198 "Upper payment limit" means the limit on payment for inpatient services for recipients of medical  
199 assistance established in accordance with 42 C.F.R. § 447.272 and outpatient services for recipients of  
200 medical assistance pursuant to 42 C.F.R. § 447.321.

201 "Upper payment limit payment gap" means the difference between the amount of the upper payment  
202 limit and the amount actually paid for inpatient and outpatient hospital services pursuant to the state  
203 plan for medical assistance services.

204 **§ 32.1-374. Virginia Health Care Access Program established; administration.**

205 A. There is hereby established the Virginia Health Care Access Program to (i) develop and fund  
206 programs to improve access to health care services for recipients of medical assistance and other  
207 medically needy, low-income underinsured and uninsured residents of the Commonwealth; (ii) support  
208 the financial stability of rural hospitals and access to health care in rural areas of the Commonwealth;  
209 and (iii) fund programmatic and financial support for health professional education provided by public  
210 and private teaching hospitals within the Commonwealth.

211 B. The Authority shall enter into a contract with the Virginia Hospital and Healthcare Association to  
212 conduct the administrative and operational functions necessary to implement, conduct, and maintain the  
213 Program. Pursuant to such contract, the Virginia Hospital and Healthcare Association shall (i) assist  
214 the Authority in calculating and verifying the assessment bases and assessment rates and imposing and  
215 collecting the assessment required pursuant to § 32.1-376 and (ii) monitor the use of the proceeds of the  
216 assessment in accordance with § 32.1-377.

217 **§ 32.1-375. Virginia Health Care Access Fund.**

218 There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia  
219 Health Care Access Fund, referred to in this section as "the Fund." The Fund shall be established on  
220 the books of the Comptroller. All revenues collected or received from assessments imposed on covered  
221 hospitals and managed care organizations pursuant to § 32.1-376, any interest or penalties imposed in  
222 accordance with the provisions of this chapter, and federal and state funds and other such other  
223 moneys, public or private, received in accordance with this chapter or Article 11 (§ 2.2-2351 et seq.) of  
224 Chapter 22 of Title 2.2 shall be paid into the state treasury and credited to the Fund. Interest earned on  
225 moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund,  
226 including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall  
227 remain in the Fund. Moneys in the Fund shall be used solely for the purposes set forth in this chapter.  
228 Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued  
229 by the Comptroller upon written request signed by the Secretary of Health and Human Resources.

230 Funds contained in the Fund shall not be used to replace any funds otherwise appropriated to the  
231 Department or for the administration of the state plan by the General Assembly or to replace any other  
232 funds appropriated for the administration of the state plan.

233 **§ 32.1-376. Assessment imposed; method of calculating.**

234 A. To carry out the purposes of the Program, the Authority shall impose an annual assessment on  
235 each covered hospital and managed care organization in the Commonwealth, which shall include (i) an  
236 upper payment limit payment gap assessment, (ii) a managed care organization hospital payment gap  
237 assessment, and (iii) a newly eligible adult payment gap assessment.

238 B. The Department shall calculate the upper payment limit payment gap assessment rate for all  
239 covered hospitals and managed care organizations. To calculate the rate, the Department shall:

240 1. Determine the upper payment limit payment gap;

241 2. Determine the assessment base for all covered hospitals and managed care organizations in  
242 accordance with subsection E; and

243 3. Determine the upper payment limit payment gap assessment rate by dividing the amount of the

244 upper payment limit payment gap by the total amount of the assessment base.

245 C. The Department shall calculate the managed care organization hospital payment gap assessment  
246 rate for all covered hospitals and managed care organizations. To calculate the rate, the Department  
247 shall:

248 1. Determine the managed care organization hospital payment gap;

249 2. Determine the assessment base for all covered hospitals and managed care organizations in  
250 accordance with subsection E; and

251 3. Determine the managed care organization hospital payment gap assessment rate by dividing the  
252 amount of the managed care organization hospital payment gap by the total amount of the assessment  
253 base.

254 D. The Department shall calculate the newly eligible adult payment gap assessment rate for all  
255 covered hospitals and managed care organizations. To calculate the rate, the Department shall:

256 1. Determine the newly eligible adult payment gap;

257 2. Determine the assessment base for all covered hospitals and managed care organizations in  
258 accordance with subsection E; and

259 3. Determine the newly eligible adult payment gap assessment rate by dividing the amount of the  
260 newly eligible adult payment gap by the total amount of the assessment base.

261 E. The assessment base used to calculate assessment rates in accordance with this section shall be  
262 the total of the covered hospital assessment base and the managed care organization assessment base.

263 The covered hospital assessment base shall be the total amount of a covered hospital's net patient  
264 revenue for the fiscal year for which the assessment shall be imposed, which shall be determined using  
265 the Medicare cost report for such hospital maintained by the Department on June 30 of the fiscal year  
266 for which the assessment shall be imposed, without regard for any subsequent adjustments or changes to  
267 such data. For Fiscal Year 2018, a covered hospital's net patient revenue shall be determined using the  
268 data contained in the covered hospital's Fiscal Year 2016 Medicare cost report contained in the Centers  
269 for Medicare and Medicaid Services Health Care Cost Report Information System as of March 1, 2018,  
270 without regard to any subsequent adjustments or changes to such data.

271 The managed care organization assessment base shall be the total amount of premiums other than  
272 those paid under Title XVIII of the Social Security Act paid to the managed care organization during  
273 the fiscal year for which the assessment shall be imposed, which shall be determined using the most  
274 recent annual statement filed with the State Corporation Commission pursuant to § 38.2-1300 on March  
275 1 of the fiscal year for which the assessment shall be imposed.

276 F. The provisions of subsection A shall not apply to, and no assessment shall be imposed on:

277 1. Any Type One teaching hospital or any hospital that is owned, controlled, or operated by a Type  
278 One teaching hospital;

279 2. Any hospital classified as a psychiatric hospital pursuant to 42 C.F.R. § 412.23(a);

280 3. Any hospital classified as a rehabilitation hospital pursuant to 42 C.F.R. § 412.23(b);

281 4. Any hospital classified as a children's hospital pursuant to 42 C.F.R. § 412.23(d);

282 5. And hospital classified as a long-term care hospital pursuant to 42 C.F.R. § 412.23(e); or

283 6. Any hospital classified as a critical care access hospital pursuant to 42 C.F.R. § 485.606.

284 G. No assessment shall be imposed pursuant to this section until the Department has received and  
285 provided to the Virginia Hospital and Healthcare Association and the Virginia Association of Health  
286 Plans written notice that:

287 1. The Centers for Medicare and Medicaid Services has determined that the assessment is a  
288 permissible source of revenue that shall not adversely affect the amount of federal financial  
289 participation available to the Commonwealth under the state plan for medical assistance services; and

290 2. The Centers for Medicare and Medicaid Services has approved the distribution of the full amount  
291 of funds up to the amount reasonably determined by the Department to be sufficient to pay the amounts  
292 set forth in § 32.1-377.

293 **§ 32.1-377. Use of health care assessment proceeds.**

294 A. Moneys contained in the Fund shall be disbursed for the purposes of (i) developing and funding  
295 programs to improve access to health care services for recipients of medical assistance and other  
296 medically needy, low-income underinsured and uninsured residents of the Commonwealth; (ii)  
297 supporting the financial stability of rural hospitals and access to health care in rural areas of the  
298 Commonwealth; and (iii) funding programmatic and financial support for health professional education  
299 provided by public and private teaching hospitals within the Commonwealth.

300 B. Funds received by the Fund resulting from imposition of the assessments described in subsections  
301 B and C of § 32.1-376 shall be disbursed as follows:

302 1. \$20,000,000 in each fiscal year shall be disbursed to covered teaching hospitals in the form of a  
303 per resident amount for programmatic and financial support of health professional education.

304 2. \$10,000,000 in each fiscal year shall be disbursed to fund the costs of enhanced outpatient

305 payment amounts paid to rural hospitals through a supplemental payment based on the ratio of  
306 fee-for-service revenue for outpatient services provided to recipients of medical assistance services to  
307 total rural hospital fee-for-service revenue for the fiscal year.

308 3. Not more than \$100,000 in each fiscal year shall be disbursed to fund the Authority's and  
309 Department's costs of administering the Program and the Fund.

310 4. All other funds remaining in the Fund shall be disbursed to fund an increase in inpatient and  
311 outpatient payment rates paid to covered hospitals through a combination of increased payment rates on  
312 inpatient and outpatient hospital services provided to recipients of medical assistance services by  
313 covered hospitals and increased capitation payments to managed care organizations that have entered  
314 into a contract with the Department for the provision of managed care health insurance for recipients of  
315 medical assistance to ensure access to hospital services. The Department shall prohibit managed care  
316 organizations receiving increased capitation payments pursuant to this section from making reductions  
317 to or supplanting payments otherwise paid by managed care organizations. Payments to managed care  
318 organizations pursuant to this section shall be consistent with an actuarial certification approved by the  
319 Department and shall be published by the Department each year. Each managed care organization shall  
320 expend all of the increased capitation payments it receives pursuant to this section to support the  
321 availability of hospital services and to ensure access to hospital services. The Department shall make  
322 available, on a monthly basis, a report of the capitation payments that are made to each managed care  
323 organization pursuant to this subsection, including the number of enrollees for which such payment is  
324 made, the per enrollee amount of the payment, and any adjustments that have been made. The  
325 Department shall issue change orders to amend contracts with managed care organizations in  
326 accordance with this section, subject to approval by the Centers for Medicare and Medicaid Services.  
327 No payments shall be made pursuant to this subsection without approval from the Centers for Medicare  
328 and Medicaid Services.

329 C. Funds received by the Fund resulting from imposition of the assessments described in subsection  
330 D of § 32.1-376 shall be disbursed to fund the newly eligible adult payment gap.

331 D. Notwithstanding any of the other provisions of this section, the Department may revise the  
332 amounts disbursed pursuant to subsection B, but only to the extent necessary to conform to any  
333 federally approved amendment to the state plan for medical assistance services. Notwithstanding any  
334 other provision of law, any changes implemented as a result of this subsection shall be given retroactive  
335 effect so that they shall be deemed to have taken effect as of the effective date of this section.

336 **§ 32.1-378. Repeal of authority to impose assessment.**

337 A. The authority to impose assessments pursuant to § 32.1-376 shall be automatically repealed upon  
338 the occurrence of any of the following events:

339 1. Final judicial determination by a federal or state court that the assessment is not a permissible  
340 source of revenue for purposes of federal financial participation in the state plan for medical assistance  
341 under 42 U.S.C. § 1396b(w), implementing regulations at 42 C.F.R. Part 433, Subpart B, or any other  
342 federal law pertaining to federal financial participation in state plans for medical assistance.

343 2. Denial or revocation of approval for the assessment or any waiver or state plan amendment  
344 required for imposition of the assessment or determination for any reason that the assessment is not a  
345 valid source of revenue or is an impermissible tax under Title XIX of the Social Security Act or that the  
346 methodology for distribution of payments to covered hospitals from the assessment is not valid by the  
347 Centers for Medicare and Medicaid Services or any federal agency with jurisdiction over the  
348 assessment.

349 3. Occurrence of any event that results in the state not receiving federal financial participation for  
350 payments required by the assessment or payments to hospitals or managed care organizations required  
351 under this article are not eligible for federal matching funds under Title XIX or XXI of the Social  
352 Security Act.

353 4. Appropriation of revenues from the assessment or any amounts deposited in the Fund and all  
354 corresponding matching federal funds to the General Fund or utilization of such funds for any purpose  
355 other than the payment and coverage improvement programs established pursuant to this chapter.

356 5. Failure to deposit proceeds of or interest upon the assessment into the Fund or depositing of the  
357 proceeds of interest upon the assessment into the general fund.

358 6. Use of revenues from the assessment or any amounts deposited in the Fund to replace moneys  
359 appropriated by the legislature for the program of medical assistance services or any non-health care  
360 related appropriation.

361 7. Adoption by the Department of any administrative rule change to reduce payment rates or  
362 alteration of payment methodology by the Department or General Assembly that reduces any payment  
363 rate made to operating hospitals under the approved state plan in effect on December 31, 2017, whether  
364 directly by the Department or indirectly through managed care organizations, including rebasing  
365 hospital payment rates below the base payment rates in effect on December 31, 2017, or reducing any  
366 hospital adjustment factor below the adjustment factor in effect on December 31, 2017.

367 8. Action by the Department or the General Assembly to reduce the level of general fund revenues  
368 appropriated for the delivery of medical assistance services pursuant to the state plan for medical  
369 assistance below those in effect on December 31, 2017.

370 B. The authority to impose assessments pursuant to subsection D of § 32.1-376 shall be automatically  
371 repealed upon the expiration or termination of coverage of newly eligible adults for any reason,  
372 including a change in federal law, regulation, or agency action that results in the federal medical  
373 assistance percentage applied to the coverage of newly eligible adults dropping below the federal  
374 medical assistance percentages set forth at 42 U.S.C. § 1396d(y) or changes to the terms and conditions  
375 of any waiver, amended waiver, state plan amendment, or other federal approval required to implement  
376 the coverage of newly eligible adults in a manner that conflicts with or is inconsistent with this chapter.

377 C. Within 90 days following the date of repeal of the assessment, the Authority shall promptly refund  
378 to each covered hospital the corresponding assessment proceeds collected in proportion to the amount  
379 of unexpended assessment proceeds paid by that covered hospital.

380 D. A covered hospital or the Virginia Hospital and Healthcare Association shall have the right to  
381 file a petition for a writ of mandamus or prohibition pursuant to § 2.2-3713 or other declaratory order  
382 to determine if there has been, and to seek judicial remedy to repair, a failure to repeal the assessment  
383 pursuant to this section.

384 **2. That the provisions of this act shall expire on July 1, 2023.**

385 **3. That the Secretary of Health and Human Resources shall file a state plan amendment with the**  
386 **federal Centers for Medicare and Medicaid Services that provides for imposition of the assessment**  
387 **and distribution of funds collected as a result of such assessment in accordance with the provisions**  
388 **of this act. Upon approval of such amendment by the Centers for Medicare and Medicaid**  
389 **Services, the Virginia Health Care Access Authority, as created by this act, may impose the initial**  
390 **assessment retroactive to the effective date of the assessment specified in this act.**