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SENATE BILL NO. 36

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Education and Health on January 25, 1996)

(Patron Prior to Substitute—Senator Martin)

A BILL to amend and reenact §§ 32.1-345, 32.1-346, and 32.1-347 of the Code of Virginia, relating to the state and local hospitalization program.

Be it enacted by the General Assembly of Virginia:

1. That § 32.1-345, 32.1-346, and 32.1-347 of the Code of Virginia are amended and reenacted as follows:

§ 32.1-345. Counties and cities required to participate; allocation and payment of funds to and payments by counties and cities.

A. The governing body of each city and county in the Commonwealth shall participate in the State/Local Hospitalization Program for indigent persons established in this chapter.

B. The Director shall allocate annually to the counties and cities of the Commonwealth such funds as may be appropriated by the General Assembly for this program. The allocation of state funds shall be based on the estimated total cost of required services in each county and city less the funds which shall be provided by the counties and cities. ~~The Director shall estimate the costs of the program based on the prevailing statewide per capita demand for required services or actual local per capita demand, whichever is greater, multiplied by the local average daily cost for required services in each county and city, the product of which shall be multiplied by the current population as shown by the last preceding United States census or as estimated by the Center for Public Service of the University of Virginia.~~

C. Each county and city shall provide funds for a share of the estimated total costs as determined by the Director. The share for each county and city shall be calculated by dividing its per capita revenue capacity by the statewide total per capita revenue capacity, as determined by the Commission on Local Government, and by multiplying the resulting ratio by an aggregate local share of twenty-five percent. Each local share shall be adjusted according to local income, as determined by dividing the median adjusted gross income for all state income tax returns in each county and city by the median adjusted gross income for all income tax returns statewide. However, no county or city shall contribute more than twenty-five percent to the total cost for providing required hospitalization and treatment for indigent persons. *The Director of Medical Assistance Services shall report each year by December 1 to the Senate Committees on Education and Health and Finance and the House Committees on Health, Welfare and Institutions and Appropriations on the estimates of the costs of the program, based on trend analyses of the estimated costs of the actual local per capita demand.*

D. Upon allocation of funds appropriated pursuant to subsection B of this section, each city and county shall remit within thirty days to the Department the amount determined to be the local share pursuant to subsection C of this section.

§ 32.1-346. Director to establish standards; reimbursement of services.

A. The Director shall prescribe regulations setting forth the amount, duration and scope of medical services covered by the Program which shall be uniform in all localities. Such services shall consist only of inpatient and outpatient hospital services, services rendered in free-standing ambulatory surgical centers and local public health clinics by providers who have signed agreements to participate in the State/Local Hospitalization Program and are enrolled providers in the Medical Assistance Program. Services covered under the Program shall not exceed in amount, duration or scope those available to recipients of Medical Assistance Services as provided in the State Plan for Medical Assistance pursuant to Chapter 10 (§ 32.1-323 et seq.) of ~~of~~ this title. Subject to the above, the Board may modify such coverage so long as uniformity of coverage is maintained throughout the Commonwealth.

B. Reimbursement for services under this Program shall be equal to that of the Medical Assistance Program pursuant to Chapter 10 of ~~of~~ this title as follows:

1. The reimbursement rate per visit for outpatient hospital services shall be the same as that established by the Department of Medical Assistance Services for an intermediate office visit for an established patient;

2. ~~The daily inpatient hospital reimbursement rate shall be the same as that per diem rate established and in effect on June 30 of each year by the Department of Medical Assistance Services for the specific hospital~~ *The inpatient hospital reimbursement rate shall be consistent with the Medicaid inpatient rate methodology. However, no disproportionate share or medical education adjustment for SLH inpatient hospital reimbursement shall be provided*;

3. Inpatient hospital stays for adults shall be limited to twenty-one days of covered hospitalization within sixty days for the same or similar diagnosis. The sixty day period shall begin with the initial

hospital admission. Only twenty-one total medically necessary days shall be covered whether incurred for one or more hospital stays, in the same or multiple hospitals, during the sixty day period. Inpatient hospital admissions on Friday and Saturday shall not be covered except in cases of medical emergencies. Reimbursement of inpatient hospital days on behalf of individuals up to the age of twenty-one shall be for medically necessary stays in excess of twenty-one days as provided in the State Plan for Medical Assistance Services;

4. The hospital emergency room reimbursement rate per visit shall be the same as that rate established by the Department of Medical Assistance Services for an intermediate level, established patient emergency department visit;

5. The outpatient surgical rate for hospitals and ambulatory surgical centers shall be the same as the rates established by the Department of Medical Assistance Services for the facility component for ambulatory surgical centers; and

C. Procedures identified by the Department of Medical Assistance Services as outpatient surgical procedures shall be performed in an outpatient setting unless the inpatient care was medically necessary and outpatient surgery could not be safely performed, the surgical procedure was performed with other surgical procedures requiring inpatient admission or adequate outpatient facilities were not available.

D. Acceptance of payment for services by a provider under this Program shall constitute payment in full.

§ 32.1-347. Eligibility for Program; duty of the Department of Social Services and local welfare or social services agencies; data required.

A. The Board of Medical Assistance Services shall promulgate regulations to establish uniform eligibility criteria by defining those persons who will qualify for payment for medical care under the Program. Such criteria shall include, but not be limited to, the following:

1. To be eligible, a person shall have net countable income, determined in accordance with the Board of Medical Assistance Services' regulations, equal to or less than 100 percent of the federal nonfarm poverty level as published for the then current year in the Code of Federal Regulations, except that localities which in fiscal year 1989 used an income level higher than 100 percent of the federal nonfarm poverty level may continue to use the same income level; and

2. To be eligible, a person shall have net countable resources, determined in accordance with the Board of Medical Assistance Services' regulations, equal to or less than the then current resource standards of the federal Supplemental Security Income Program.

Further, as a condition of eligibility, the Department of Medical Assistance Services shall require all legally competent applicants and recipients to assign to the Commonwealth any and all rights to third party benefits, whether contractual or otherwise, including medical support or payments, to which the applicants and recipients may be entitled. All applicants and recipients shall also agree to cooperate with the Department in obtaining such third party benefits. Such an assignment shall not preclude a court from apportioning sums which would be subject to the provisions of § 8.01-66.9.

B. Eligibility under this Program shall be determined by the Department of Social Services through the local boards of welfare or social services upon application for assistance under this program from residents of such localities. The eligibility criteria established by the Board pursuant to this section shall be used in processing all such applications. The local departments of welfare or social services shall certify to the applicant and Department of Medical Assistance Services within thirty days of receipt of each application whether the person applying meets such criteria.

C. Administrative appeal of adverse eligibility decisions shall be conducted by the Department using the procedures applicable to applicants for Medicaid benefits under the State Plan for Medical Assistance pursuant to Chapter 10 (§ 32.1-323 et seq.) of this title.

~~D. The local governing body of every county or city shall report annually data on rejected applications for hospitalization and treatment of indigent persons which shall include, but not be limited to, the number of days requested for reimbursement, and the services received. The Director shall utilize this data as well as data on accepted applications to estimate the costs of hospitalization for indigent persons.~~

~~E~~ *D.* The State/Local Hospitalization Program shall be established in the books of the Comptroller so as to segregate the amounts appropriated and the amounts contributed thereto by the localities. No portion of the State/Local Hospitalization Program shall be used for a purpose other than that described in this chapter. Any state funds remaining at the end of the fiscal year shall not revert to the general fund but shall remain in the State/Local Hospitalization Program to be used as an offset to the calculated local share for the following year. Any local share money remaining at the end of the fiscal year or the biennium shall remain in the locality's account under the State/Local Hospitalization Program to be used by the Department as an offset to the calculated local share for the following year.