

# **ANALYSIS OF HOUSE BILL 3016**

**Creating a reimbursement system for the state's medical assistance programs in rural hospitals.**

**SPONSORS:** Representatives Parlette and Cody.

**BACKGROUND:** The federal Health Care Financing Administration allows small rural hospitals, that meet eligibility criteria, to be reimbursed on a cost-based system for medicare services. This provides qualifying hospitals with a higher reimbursement rate than they would normally receive. State medical assistance programs do not currently provide small rural hospitals with the same type of cost-based reimbursement for medical services.

**SUMMARY:** The Department of Social and Health Services will reimburse small, rural hospitals on a cost-based reimbursement basis if they meet specific eligibility criteria. Medicaid, the limited casualty program, and the medical care services program are included in the cost-based reimbursement system. Payments made to qualifying hospitals will be made from additional state funds, excluding medicaid funds or disproportionate share hospital funds.