

1 HB450
2 191539-2
3 By Representatives Standridge, Shedd, Morrow, Farley and
4 Warren
5 RFD: Urban and Rural Development
6 First Read: 22-FEB-18

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8 SYNOPSIS: This bill would create the Rural Hospital
9 Transformation and Stability Act.

10 This bill would establish the Alabama Rural
11 Hospital Global Budget Board and would authorize
12 the board to implement a pilot global budget
13 program, which would support the continued
14 sustainability and transformation of rural
15 hospitals and health care in Alabama.

16 This bill would provide stable funding to
17 eligible rural hospitals that apply for and are
18 accepted into the program, through a global payment
19 from participating public and private insurers and
20 surrounding communities.

21 This bill would also provide that
22 participating hospitals receive support in
23 achieving population health outcomes, access and
24 quality targets, financial targets, and other
25 measures.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

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4 Relating to health care; to create the Rural
5 Hospital Transformation and Stability Act and establish and
6 provide for the membership and authority of the Alabama Rural
7 Hospital Global Budget Board; to provide criteria for rural
8 hospitals to participate in the global budget program; to
9 provide for participation by public and private insurers; and
10 to establish global payments for participating hospitals.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. This act shall be known and may be cited
13 as the Rural Hospital Transformation and Stability Act.

14 Section 2. For the purposes of this act, the
15 following terms shall have the following meanings:

16 (1) BOARD. The Alabama Rural Hospital Global Budget
17 Board.

18 (2) GLOBAL PAYMENT. A fixed payment, established by
19 the board, to a hospital to provide health care services to
20 participating health insurance payors' beneficiaries in the
21 service area of the hospital.

22 (3) RESOURCE CENTER. The Rural Hospital Resource
23 Center of the University of Alabama at Birmingham.

24 (4) SERVICE AREA. The geographic area from which 75
25 percent of the patients of a hospital originate. Patient
26 origination is derived from either emergency department visits

1 or inpatient admissions, whichever results in the larger
2 service area.

3 Section 3. (a) The Alabama Rural Hospital Global
4 Budget Board is created.

5 (b) The appointing authorities shall coordinate
6 their appointments so that diversity of gender, race, and
7 geographical areas is reflective of the makeup of this state.
8 The board shall consist of the following members:

9 (1) The Commissioner of the Alabama Medicaid Agency,
10 who shall serve as chair of the board.

11 (2) The Commissioner of the Alabama Department of
12 Mental Health.

13 (3) One representative appointed by the Alabama
14 Hospital Association.

15 (4) One representative appointed by the Medical
16 Association of the State of Alabama.

17 (5) Two representatives selected by the hospitals
18 participating in the global budget program.

19 (6) The Chair of the Graduate Program in Health
20 Administration of the University of Alabama at Birmingham.

21 (7) One representative appointed by the resource
22 center.

23 (8) One representative appointed by the State Health
24 Officer.

25 (9) One representative from the largest health care
26 service plan established in the state pursuant to Article 6,

1 commencing with Section 10A-20-6.01, of Chapter 20, Title 10A,
2 Code of Alabama 1975.

3 (10) One representative of Medicare Advantage plans
4 appointed by the Alabama Association of Health Plans.

5 (c) The board may do all of the following:

6 (1) Establish criteria for hospitals to participate
7 in the global budget program.

8 (2) Set a maximum number of hospitals allowed to
9 participate in the global budget program, with no more than
10 two hospitals participating in the first year and no more than
11 five hospitals participating in the first three years.

12 (3) With the assistance of the resource center, set
13 the global payment for each participating hospital.

14 (4) Adopt rules as necessary to implement this act
15 or to implement or operate the global budget program.

16 (5) Take any action as necessary to ensure public
17 health insurance programs including Medicaid, Medicare, and
18 Medicare Advantage plans participate in the global budget
19 program.

20 (6) Pursue any funding that may be available to
21 support the global budget program.

22 Section 4. (a) Hospital participation in the global
23 budget program is voluntary.

24 (b) To participate in the global budget program, a
25 hospital shall satisfy all of the following:

26 (1) Be a public or nonprofit organization.

27 (2) Be located in one of the following:

1 a. A rural area designated as a shortage area as
2 defined in 42 C.F.R. § 491.5(c) and (d).

3 b. A rural area as defined by the Federal Office of
4 Rural Health Policy.

5 (3) Be located in a county, municipality, or
6 community in which the county, municipality, or community
7 agrees to fund a portion of the global payment as provided in
8 Section 6.

9 (4) Agree to accept a global payment to provide
10 health care services to the beneficiaries of participating
11 health insurance carriers.

12 (5) Agree to achieve population health outcomes,
13 access and quality targets, financial targets, and any other
14 rural hospital participation and payor participation targets
15 established by the board.

16 (6) Satisfy any other criteria established by the
17 board.

18 (c) If a hospital satisfies the requirements of
19 subsection (b) at the time the hospital begins participation
20 in the global budget program, and is subsequently unable to
21 satisfy the rural location requirements of subdivision (2) of
22 subsection (b), the board may permit the hospital to continue
23 participation in the program.

24 Section 5. (a) The following payors shall
25 participate in the global budget model and reimburse
26 participating hospitals through a global payment:

1 (1) To the extent allowed by federal law, the
2 Alabama Medicaid Agency.

3 (2) Payor plans that cover employees of the State of
4 Alabama or retired state employees who participate in the
5 Retirement Systems' of Alabama.

6 (3) To the extent allowed by federal law, Medicare
7 Advantage plans.

8 (4) The largest health care service plan established
9 in Alabama pursuant to Article 6, commencing with Section
10 10A-20-6.01, of Chapter 20, Title 10A, Code of Alabama 1975.

11 (b) The Alabama Medicaid Agency shall take the
12 necessary steps to seek approval from the federal Center for
13 Medicare and Medicaid Services to participate in the global
14 budget program. Participation by the Alabama Medicaid Agency
15 in the global budget program is subject to approval by the
16 federal Center for Medicare and Medicaid Services.

17 (c) Other payors may participate in the global
18 budget program and reimburse participating hospitals through a
19 global payment.

20 Section 6. (a) The global payment of a participating
21 hospital is funded from the following sources:

22 (1) The county, municipality, or community of a
23 participating hospital shall contribute at least 10 percent of
24 the global payment or the tax revenues currently allocated to
25 the hospital, whichever is greater.

26 (2) Participating payors shall contribute the
27 remaining portion of the global payment. The share of the

1 global payment for each payor is proportional to the percent
2 of the population in the service area of the hospital covered
3 by that payor.

4 (b) In establishing the global payment for each
5 hospital, the board shall exclude payments to the hospital
6 from payors not participating in the global budget model.

7 Section 7. If at any time the board determines the
8 global budget program is ineffective or unsustainable, the
9 board may terminate the program.

10 Section 8. The resource center shall bear financial
11 responsibility for all costs incurred by the board.

12 Section 9. This act shall become effective
13 immediately following its passage and approval by the
14 Governor, or its otherwise becoming law.