



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

SENATE BILL NO. 314

PRINTERS NO. 292

PRIME SPONSOR: Baker

### COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
General Fund	\$0	\$0

**SUMMARY:** Senate Bill 314, Printer's Number 292, establishes the Pennsylvania Rural Health Redesign Center Authority and the Pennsylvania Rural Health Redesign Center Fund. This legislation is effective in 180 days.

**ANALYSIS:** SB 314 establishes the Pennsylvania Rural Health Redesign Center Authority (RHRCA) to protect and promote rural hospitals and health care centers that face special challenges, including inconsistencies in their billing and reimbursements.

SB 314 establishes a board composed of the following members:

- Secretary of Health
- Secretary of Human Services
- Insurance Commissioner
- One member from each participating insurer
- One member from each participating medical assistance managed care organization (MA MCO)
- One member from an organization representing hospitals and health systems
- One member from each participating rural hospital, so long as the participant members from rural hospitals do not exceed the participant members from payers. These members are appointed by the President Pro Tempore of the Senate, the Speaker of the House and the Minority Leaders from both the House and Senate. Any further members will be appointed by the Governor.
- Two national experts on rural health care delivery or developing and administering global budgets who shall be appointed by the Governor.

The board shall:

- Adopt bylaws (which must specifically include conflict of interest provisions);
- Make, execute and deliver necessary contracts;
- Apply for, expend and otherwise deal with money in the fund or other money available to the authority;
- Apply for, accept and administer grants and loans;

- Accept money from both public and private sources, consistent with federal and state law;
- Take, hold, administer, lend, encumber, dispose of property or money of the RHRCA (although the RHRCA shall have no power to pledge the credit or taxing power of the Commonwealth);
- Seek waivers from and coordinate with state agencies;
- Establish advisory groups; and
- Perform all other activities necessary to further the purposes of the act.

The board is responsible for the administration of the global budget model and shall:

- Evaluate and select rural hospitals for participation in the model;
- Provide technical assistance, training and education to participant rural hospitals;
- Collect and maintain data;
- Perform data analysis and quality assurance;
- Calculate and approve global budgets;
- Review rural hospital transformation plans consistent with federal law;
- Assist hospitals to determine targeted population health improvement goals;
- Evaluate the progress of each participant rural hospital;
- Monitor global budgets and quality metrics;
- Provide annual assessments of each participant rural hospital's compliance with its transformation plan and global budget target;
- Require the submission of appropriate corrective action plans from participant rural hospitals;
- Terminate a participant rural hospital from the global budget model in accordance with the participant rural hospital's participation agreement; Contract with an independent evaluation group to evaluate the global budget model's progress in population growth, quality of care and cost targets; and
- Review and evaluate eligible hospital services.

The accounts of the RHRCA shall be audited annually by an independent certified public accounting firm.

The RHRCA shall submit annual reports on the performance and compliance of each participant rural hospital to the department and other appropriate parties as determined by the board. The RHRCA shall also submit annual reports to the Governor and the General Assembly on the activities of the RHRCA for the year.

A payer may submit a letter of interest to the RHRCA to participate in the global budget model. As a condition of participation, the participant payer must sign an agreement with the RHRCA. A participant payer may terminate its participation in accordance with the terms of the agreement.

A rural hospital may submit a letter of interest to the RHRCA to participate in the global budget model. As a condition of participation, the participant rural hospital shall:

- Submit an initial transformation plan;
- Sign an agreement with the RHRCA; and
- Submit annual updates to its transformation plan.

The RHRCA may collect and analyze data to carry out the RHRCA's responsibilities under the act. Such information shall only be used for administering the global budget model. The RHRCA must obtain written approval before using the data for any other purpose. Data may not be retained for longer than 7 years.

The Pennsylvania Rural Health Redesign Center Fund is established as a separate fund in the State Treasury. The fund shall be administered by the RHRCA. Money deposited in the fund shall be held for the purposes of the RHRCA and shall not be considered a part of the General Fund.

**FISCAL IMPACT:** Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds. Any costs while engaged in board business and any costs determined by the RHRCA to effectuate the purpose of this act, which includes staffing related costs, shall be paid out the Pennsylvania Rural Health Redesign Center Fund. It is estimated that the RHRCA would spend \$2.2 million annually to administer the global budget model. This estimate is based upon the Commonwealth's Independent Fiscal Office with an executive director, deputy director, six analysts, an office manager, operating costs and contracts for actuarial analysis.

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**DATE:** November 21, 2019

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*