

SENATE FILE NO. SF0067

Hospital cost study.

Sponsored by: Joint Labor, Health & Social Services Interim
Committee

A BILL

for

1 AN ACT relating to the provision of health care; requiring a
2 study of high Wyoming hospital costs and discrimination by
3 the federal Medicare program against Wyoming residents and
4 Wyoming health care providers; requiring a study of the
5 impacts of the discrimination; requiring a study relating to
6 health care services and funding as specified; requiring a
7 study of the loss of medical services in Wyoming and the use
8 of out-of-state providers to provide medical services to
9 Wyoming residents; providing an appropriation; and providing
10 for an effective date.

11

12 *Be It Enacted by the Legislature of the State of Wyoming:*

13

14 **Section 1.**

15

1 (a) The office of the governor, with the assistance of
2 qualified persons or contractors hired for the purpose, shall
3 perform the studies required by this section and include the
4 studies in the report required by this section.

5

6 (b) The governor, with the assistance of qualified
7 persons or contractors, shall study and report on the
8 following topics:

9

10 (i) Identify the cost shift in the Medicare
11 prospective payment system (PPS) context to commercial
12 insurers, self-insured businesses and private payors caused
13 by Medicare and other payors who reimburse or pay less than
14 the costs incurred by a health care provider or hospital in
15 providing a service;

16

17 (ii) Identify the cost shift in the critical
18 access hospitals context, as defined by Medicare, to
19 commercial insurers, self-insured businesses and private
20 payors caused by Medicare and other payors who reimburse or
21 pay less than the costs incurred by a health care provider or
22 hospital in providing a service;

23

1 (iii) Identify how actual costs and charges paid
2 in Wyoming by Medicare and by commercial insurers compare to
3 similar payments made in surrounding states and in a sample
4 of community and academic medical hospitals in coastal states
5 for common medical procedures and for those procedures where
6 a patient from Wyoming is most likely to receive the procedure
7 out-of-state;

8
9 (iv) Identify or estimate total health care
10 spending for all Wyoming residents and identify how much of
11 that spending occurs outside of Wyoming. Identify whether
12 the percentage of out-of-state spending is likely to change
13 and, if so, the likely reasons for the change;

14
15 (v) Identify what types of medical care, if any,
16 may become no longer economically or medically viable in
17 Wyoming as a result of out-of-state competition. Identify
18 the health risks to Wyoming residents which may result from
19 any reduction in the identified types of medical care. If
20 requested by the governor or a contractor, the department of
21 health shall provide assistance in providing the analysis
22 required by this paragraph;

23

1 (vi) Any difficulties in recruiting physicians and
2 other health care providers created by low reimbursements in
3 general, and low Medicare reimbursements in particular;
4

5 (vii) The reasons for high hospital costs in
6 Wyoming. The validity and influence of the following factors
7 and answers to the following questions, which may contribute
8 to Wyoming's high hospital costs, shall be analyzed and
9 considered:
10

11 (A) To what extent does there exist in
12 Wyoming an inadequate volume of patients to spread fixed
13 hospital costs, including capital costs, fixed or per unit
14 administrative costs and costs of specialized medical teams;
15

16 (B) Do high professional labor costs and
17 difficulties recruiting professional labor due to a lack of
18 urban amenities and appropriate employment opportunities for
19 professional spouses contribute to high hospital costs? Do
20 these factors result in hospitals paying higher wages or
21 paying the very high costs of retaining temporary traveling
22 professionals;
23

1 (C) Do inefficiencies in hospital operations
2 cause high hospital costs that could be controlled with better
3 management? Does a lack of competitive cost pressure, caused
4 in part by the isolated nature of many Wyoming hospitals and
5 the fact that few health care options exist outside of a
6 single hospital in many Wyoming communities, contribute to
7 this problem;

8

9 (D) Do excessive profits lead to high
10 hospital costs in Wyoming;

11

12 (E) Does Wyoming provide less state and local
13 support to hospitals than does other states? This support
14 includes Medicaid at the state level, local mill levies
15 (either part of the county mill levy or hospital district
16 mill levies), state programs to compensate hospitals for
17 uncompensated care and, outside Wyoming, municipal support
18 for hospitals;

19

20 (F) Does uncompensated care, including bad
21 debt, raise Wyoming's hospital costs as compared to other
22 states;

23

1 (G) Is it possible that in Centers for
2 Medicare and Medicaid Services data, Wyoming's nursing home
3 costs may be being shifted to the hospital category,
4 increasing hospital costs and decreasing nursing home costs;

5

6 (H) Does the number of critical access
7 hospitals in Wyoming (25 beds or less, frequently with a low
8 patient census) contribute to Wyoming's high hospital costs
9 relative to other states;

10

11 (J) Does prolonged care provided to mental
12 health patients at Wyoming hospitals create additional
13 hospital costs in Wyoming? To what extent are these
14 additional costs caused by the inadequate availability of
15 mental health treatment options outside the hospital;

16

17 (K) Are there institutional forces,
18 including network provider requirements within the Wyoming
19 state employees' and officials' group insurance plan, that
20 cause Wyoming residents to seek hospital care out-of-state
21 and are there other factors that incentivize residents to
22 seek care in other states.

23

1 (viii) What share of Wyoming's total hospital
2 costs are generated by critical access hospitals;

3

4 (ix) Opportunities to broaden the payor base
5 relating to Wyoming health care services, including
6 alternative funding mechanisms and innovative strategies for
7 reducing health care costs.

8

9 (c) The following entities shall coordinate with the
10 governor's office and any persons or contractors hired by the
11 governor's office and shall provide reports and analyses for
12 inclusion in the reports required by this section as follows:

13

14 (i) The department of health shall, based on its
15 professional knowledge and other reliable research, analyze
16 the following issues:

17

18 (A) The effect on Wyoming patients in terms
19 of mortality, morbidity and general well-being of receiving
20 medical care in their home community, as opposed to receiving
21 care in a distant location;

22

1 (B) Identification of the most common,
2 serious medical conditions treated in Wyoming's larger
3 communities and identification of those medical conditions
4 which pose significant mortality or morbidity risks if
5 treatment becomes unavailable in a Wyoming community and a
6 patient is required to travel elsewhere to obtain the
7 treatment. Consideration shall be given to the risks of both
8 travel time under normal travel conditions and travel when
9 weather or other factors delay or temporarily prevent safe
10 travel.

11

12 (ii) The attorney general shall consider and
13 report to the governor on the following:

14

15 (A) Whether legal action over Medicare's low
16 and discriminatory reimbursement practices in Wyoming could
17 provide relief from the problems created by the low and
18 discriminatory reimbursement practices. The attorney general
19 shall provide information about the identity of the proper
20 plaintiff in any legal action;

21

22 (B) Whether legal precedents supporting
23 public utility rate regulation and other regulatory

1 mechanisms have or could have any application to Medicare
2 reimbursement rates and could serve as a basis for regulating
3 Medicare reimbursement in Wyoming or requiring fair Medicare
4 reimbursement rates;

5

6 (C) The report and analysis required by this
7 paragraph does not require a definitive answer on the subjects
8 analyzed but does seek a recommendation as to whether the
9 state should spend the resources necessary to more fully
10 determine if legal action should be pursued.

11

12 (d) The governor, or at the governor's direction the
13 persons or consultants hired by the governor pursuant to this
14 section, shall compile all reports and analyses required by
15 this section, together with any recommendations that he and
16 the consultants or persons may have, into a single report
17 that shall be provided to the joint labor, health and social
18 services interim committee, the joint appropriations
19 committee and to the legislative service office on or before
20 October 1, 2019. The governor shall determine if the report
21 will be a final report, or if the report shall be a
22 preliminary report with a final report to be submitted on or
23 before August 1, 2020. In submitting any report, the governor

1 may include or exclude any portion of the analysis provided
2 by the attorney general under paragraph (c)(ii) of this
3 section in order to comply with the law or to not jeopardize
4 any legal claim recommended by the attorney general.

5

6 **Section 2.**

7

8 (a) The governor:

9

10 (i) May create a steering committee with a
11 membership he deems appropriate to advise on the issues
12 identified in section 1 of this act and to help direct any of
13 the duties or tasks imposed by section 1 of this act;

14

15 (ii) May assign to the steering committee or any
16 state agency he deems appropriate, or otherwise delegate to
17 anyone he deems appropriate, any duty or task assigned to the
18 governor under section 1 of this act.

19

20 **Section 3.** There is appropriated two hundred fifty
21 thousand dollars (\$250,000.00) from the general fund to the
22 governor. This appropriation shall be for the period
23 beginning with the effective date of this act and ending June

1 30, 2021. This appropriation shall only be expended to
2 contract with qualified persons to provide the studies,
3 analyses and reports required by this act and for assembling,
4 reproducing and distributing the reports required by this
5 act. Notwithstanding any other provision of law, this
6 appropriation shall not be transferred or expended for any
7 other purpose and any unexpended, unobligated funds remaining
8 from this appropriation shall revert as provided by law on
9 June 30, 2021.

10

11 **Section 4.** This act is effective immediately upon
12 completion of all acts necessary for a bill to become law as
13 provided by Article 4, Section 8 of the Wyoming Constitution.

14

15 (END)