



MEDICAID EXPANSION – HOSPITAL UTILIZATION FEES AND SUPPLEMENTAL PAYMENTS

Background:

In SFY 2024, the Department received more than \$86 million from providers in the form of inpatient Hospital Utilization Fees (HUF), outpatient HUF, and IGT ambulance payments. The Department used \$56.8 million of these funds to draw down \$313 million in federal funds to then distribute back \$369.8 million in supplemental payments to hospitals and ambulance providers.

Per MCA 15-66-102(3)(b), the remaining \$28.3 million in outpatient HUF collected was matched with federal funds and used to pay for Medicaid expansion benefits, reducing the obligation of general fund dollars. In addition, the Department made Graduate Medical Education supplemental payments that totaled \$5,607,133.

If Medicaid expansion sunsets effective June 30, 2025, the Department assumes the following changes will occur to the HUF and supplemental payment programs:

1. The \$70/bed day tax paid by inpatient hospitals would be reduced to \$50/bed day (15-66-102 (1), MCA).
2. The HUF collected from outpatient hospitals would expire, and as a result so would the outpatient supplemental payments (15-66-102 (2), MCA).¹
3. Claiming method for Graduate Medical Education (GME), Inpatient HUF, and ambulance IGT would no longer be eligible to use the Medicaid Expansion federal medical assistance percentage (FMAP).²

Impact on Revenues:

Based on these assumptions the taxes and fees paid by hospital and ambulance providers would be reduced by approximately \$61.8 million. Most of this reduction is driven by the elimination of outpatient HUF. The table below summarizes these changes

MEDICAID EXPANSION SUNSET IMPACT TO TAXES AND FEES PAID BY PROVIDERS			
Revenue	Present Law	Without Expansion	Difference
GME	\$914,769	\$914,769	-
Outpatient HUF	\$52,434,270		(\$52,434,270)
Inpatient HUF	\$32,486,020	\$23,204,300	(\$9,281,720)
IGT Ambulance	\$235,977	\$181,697	(\$54,281)
Total Revenue	\$86,071,036	\$24,300,766	(\$61,770,271)

¹ This assumes 16-66-102 reverts to 2015 MCA version. If 15-66-102(2) MCA does not revert with a Medicaid Expansion sunset, outpatient hospital fees would continue to be assessed. If 15-66-102(3)(b) does not revert at Medicaid Expansion sunset, 54% of those outpatient revenues would be orphaned in a state-special account, unless there was further legislative action.

² FMAP refers to the percentage determining how much the federal government reimburses states for Medicaid. This percentage is higher under Medicaid expansion.



by program.

Impact on Payments:

The Department projects that these changes would result in total supplemental payments being reduced by more than \$312 million to an annual amount of approximately \$63.3 million. These changes are summarized by program below:

MEDICAID EXPANSION SUNSET IMPACT TO SUPPLEMENTAL PAYMENTS TO MONTANA PROSPECTIVE PAYMENT SYSTEM HOSPITALS AND CRITICAL ACCESS HOSPITALS			
Payments	Present Law	Without Expansion	Difference
GME	\$5,607,133	\$2,382,831	(\$3,224,301)
Outpatient HUF	\$164,033,017	-	(\$164,033,017)
Inpatient HUF	\$204,745,709	\$60,443,605	(\$144,302,104)
IGT Ambulance	\$1,052,070	\$473,292	(\$578,778)
Total Revenue	\$375,437,928	\$63,299,729	(\$312,138,200)

Impact on State Budget:

The reduction in GME, HUF, and IGT payments do not have any impact on the state general fund, as all state share of payment are state special revenues contributed by the providers through taxes and fees.