

# MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 2136

S. P. 695

In Senate, February 8, 1978

Filed by the Joint Standing Committee on Health and Institutional Services  
under Joint Rule 17.

MAY M. ROSS, Secretary

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-EIGHT

**AN ACT to Establish the Health Facilities Information Disclosure Act.**

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 3 MRSA § 507, sub-§ 6, ¶¶ M and N, as enacted by PL 1977, c. 554, § 1, are amended to read:

M. Office of Energy Resources; ~~and~~

N. Office of CETA Planning and Coordination; ~~and~~

Sec. 2. 3 MRSA § 507, sub-§ 6, ¶ O is enacted to read:

O. **Health Facilities Cost Review Board.**

Sec. 3. 22 MRSA c. 105 is enacted to read:

**CHAPTER 105**

**HEALTH FACILITIES INFORMATION DISCLOSURE ACT**

**§ 351. Findings and declaration of purpose**

**The Legislature finds that the rising costs of health care and services provided by health care facilities are matters of vital concern to the people of this State and**

have a direct relationship to the ability of the people to obtain necessary health care.

The Legislature further finds that the informed development of public policy relating to health care requires that the State regularly assemble and analyze information pertaining to health care costs.

It is the intent of the Legislature that uniform systems of reporting health care information shall be established and that all health care facilities shall, subject to this chapter, be required to file reports in a manner consistent with these systems.

It is further the intent of the Legislature to provide for the review of and comment on the proposed budgets of any hospital by either the Health Facilities Cost Review Board or an approved voluntary budget review organization and for the monitoring of any voluntary budget review organization by the Health Facilities Cost Review Board.

#### § 352. Definitions

As used in this chapter, unless the context otherwise indicates, the following words and terms shall have the following meanings.

1. Board. "Board" means the Health Facilities Cost Review Board established by this chapter.

2. Department. "Department" means the Department of Human Services.

3. Health facility. "Health facility" means any health care facility required to be licensed under chapter 405 or its successor.

4. Hospital. "Hospital" means any acute care institution licensed pursuant to chapter 405 or its successor.

5. Voluntary Budget Review Organization. "Voluntary Budget Review Organization" means a nonprofit organization established to conduct reviews of budgets of hospitals to determine that prospectively determined rates and charges are reasonably just, and are reasonably related to financial requirements and that these prospective rates and charges are allocated equitably among all purchases of health services without undue discrimination.

#### § 353. Health Facilities Cost Review Board, membership; terms, vacancies

A Health Facilities Cost Review Board shall be established as follows.

1. Health Facilities Cost Review Board; established. There is established a Health Facilities Cost Review Board which shall function as an independent board. The board shall be composed of 9 members. Seven members shall be

appointed by the Governor, subject to review by the Joint Standing Committee on Health and Institutional Services and confirmation by the Legislature. The Commissioner of Human Services and the Superintendent of Insurance shall serve as ex officio, nonvoting members of the board. The 7 members appointed by the Governor shall be selected in accordance with the following requirements:

- A. One member shall be appointed from a list of 3 names submitted by the Maine Hospital Association;
- B. One member shall be appointed from a list of 3 names submitted by the Maine Health Care Association;
- C. One member shall have had at least 5-years' experience in the field of health insurance or in the administration of a health care service plan, within the 10 years preceeding the initial appointment; and
- D. Four public members shall be appointed as consumers of health care. The public members shall not be affiliated with, employed by or have any past professional affiliation with any health care facility or institution, health product manufacturer or corporation or insurer providing coverage for hospital or medical care.

2. Term of appointed members. Appointed members of the board shall serve for a term of 4 years. Members shall hold office until the appointment and qualification of their successors. Of the members first appointed by the Governor, the member from the Maine Hospital Association and one public member shall hold office for 4 years, the member from the Maine Health Care Association and one public member shall hold office for 3 years, the member from the insurance field and one public member shall hold office for 2 years and one public member shall hold office for one year.

3. Vacancies. Vacancies among appointed members shall be filled by appointment by the Governor for the unexpired term. The Governor may remove any appointed member who becomes disqualified by virtue of the requirements of subsection 1, or for neglect of any duty required by law, or for incompetency or dishonorable conduct.

#### § 354. Meetings, chairman, compensation

The board shall meet, elect a chairman and receive compensation as follows.

1. Meetings, chairman. The board, at its first meeting and annually thereafter at its first meeting in each fiscal year, shall elect from its members a chairman who shall be one of the public members, a vice-chairman and such other officers as it may deem necessary.

2. Compensation. Each member of the board shall receive a per diem

allowance of \$25 for each day that he is actively engaged in performing the work of the board and shall be reimbursed for the actual and necessary traveling and other expenses incurred in the discharge of his duties.

**§ 355. Executive director**

The board may appoint an executive director, who shall perform the duties delegated to him by the board and be responsible to it for the accomplishment of these duties. The executive director shall serve at the pleasure of the board and his salary shall be set by the board.

**§ 356. Staff**

The board is authorized to employ, subject to the personnel laws, such staff as it deems necessary. The department may provide staff, facilities and other appropriate assistance to the board. Any staff provided by the department shall carry out duties assigned by the board and shall be responsible to the board.

**§ 357. Powers and duties**

The board shall:

1. **Data reporting systems.** Establish uniform systems for reporting financial and other health service data as provided in section 358;
2. **Review of budgets and revenues.** Have the power to review the reasonableness of proposed operating and capital expenditures' budgets and the projected annual revenues of any hospital, as provided under section 359;
3. **Studies and analyses.** Have the power to conduct studies and analyses relating to health care costs and other related matters;
4. **Annual report.** Prepare an annual report for transmission to the Legislature and the Governor;
5. **Receipt of grants, gifts and payments.** Have the power to apply for and receive grants, gifts and other payments from any governmental agency, private entity or other person;
6. **Contract for services.** Have the power to contract with 3rd parties for services necessary to carry out the activities of the board; and
7. **Approval of rate review organizations.** Have the power to approve voluntary rate review organizations for the purposes of section 359.

**§ 358. Uniform systems of reporting**

Uniform systems of reporting health care information shall be established as follows.

1. **Establishment.** The board shall establish, after consultation with appropriate agencies and organizations and after holding public hearings in several areas of the State, uniform systems of reporting health care information.

2. **Adoption of systems.** Each health facility shall adopt the required systems for its fiscal year period to be effective at such time as the board shall direct. The board shall allow any health facility, which does not maintain its records and data in a manner consistent with the requirements of the board, a period of up to 18 months from the date which the requirements become effective to conform to these requirements. Any facility for which these requirements are temporarily waived by the board shall during the period of the waiver provide information required by the board in the manner in which the facility does assemble this information.

3. **Filing.** Each health facility shall file with the board, as applicable, within 120 days after the end of its fiscal year information as provided under subsection 4.

4. **Information required.** Each health facility shall file reports, the form and content of which shall be prescribed by the board, containing the following information:

A. **Financial information** including, but not limited to, costs of operation, revenues, assets, liabilities, fund balances, other income, rates, charges and units of service;

B. **Scope of service information** including, but not limited to, bed capacity by service provided, special services, auxiliary services and physician characteristics; and

C. **Patient information** including, but not limited to, diagnostic case mix, case complexity, patient characteristics and procedures performed. Patient information shall not be reported in a form from which a patient or the patient's family can be identified by name.

5. **Modification of reporting systems.** The board may allow and provide for modifications in the reporting system in order to better carry out its functions or to reflect differences in the scope or type of services, size and other differences among health facilities subject to the requirements of this chapter.

6. **Compatibility with other systems.** To the extent feasible, the board in establishing uniform systems shall take into account the data requirements of relevant reimbursement programs. Existing systems of accounting and reporting used by health facilities and a model system, such as the American Hospital Association chart of accounts, shall be examined and given due consideration by the board in developing uniform systems of reporting required by this section. The

reporting requirements established under this chapter, insofar as feasible and consistent with the requirements of this chapter, shall be compatible with the reporting requirements established by the Secretary of Health, Education and Welfare, Federal Social Security Act, section 1121.

7. More than one licensed facility operated. When more than one licensed facility is operated by the reporting organization, the information required by this section shall be reported for each facility separately.

8. Certification required. The board may require certification of such financial reports as it may specify and may require attestation as to these statements from responsible officials of the facility that these reports have to the best of their knowledge and belief been prepared in accordance with the requirements of the board.

#### § 359. Review of budgets

The board is authorized to review the budgets and projected annual revenues of any hospital as follows.

1. Review authority. The board shall have the authority to review and comment upon the reasonableness of proposed operating and capital expenditures' budgets and projected annual revenues of any hospital which does not participate in a voluntary budget review program approved by the board, pursuant to section 364.

2. Submission of budget. Any hospital, subject to review under subsection 1, shall submit to the board its proposed operating and capital expenditures' budgets for its next fiscal year together with such other relevant supplemental reports and information as the board may require, at least 60 days prior to the proposed adoption date of these budgets.

3. Review and findings. The board shall review the proposed budgets to determine their reasonableness. Upon completion of its review, the board shall make a written report of its findings, a copy of which shall be sent to the hospital whose budget has been reviewed. The board shall provide this copy of its findings to the hospital, at least 10 days prior to public disclosure of the findings.

#### § 360. Studies and analyses

The board is authorized to conduct or cause to be conducted studies and analysis relating to health care costs, to the financial status of any facility subject to this chapter or to any other related matters which it deems appropriate. The board shall coordinate its activities with any public or private agency in carrying out these studies and analysis when this coordination will promote economy, avoid

duplication of effort and make the best use of available personnel and other resources.

**§ 361. Annual report**

Annually, prior to January 1st, the board shall present a report to the Legislature and the Governor. This report shall include, but not be limited to, a description of its activities and the activities of any voluntary rate review organization during the previous year, a summary of the costs of health facilities and any findings and recommendations which the board deems necessary.

**§ 362. Receipt of grants, gifts and other payments**

The board is authorized to apply for and receive grants, gifts and other payments, including property and service, from any public or private entity or person, and may make arrangements for the use of these receipts, including the undertaking of studies and other projects relating to health care costs.

**§ 363. Contracts**

The board shall contract with 3rd parties for services necessary to carry out its activities, when this contract will promote economy, avoid duplication of effort and make the best use of available personnel and other resources. Any 3rd party shall be prohibited from releasing, publishing or otherwise using any information made available to it under its contracted responsibility without the specific written authorization of the board.

**§ 364. Approval of voluntary rate review organization**

For the purposes section 359, the board is authorized to approve any voluntary budget review organization which has adopted procedures which are substantially equivalent to the reporting requirements and budget review procedures used by the board. The board shall, by rule, adopt standards for the approval of voluntary budget review organizations. These standards shall provide for:

1. Filing. The filing of appropriate financial information with a voluntary rate review organization;
2. Analysis and verification. The analysis and verification of any information which has been filed;
3. Publication. Publication of the findings and recommendations of the voluntary rate review organization;
4. Findings and comments. Filing a copy of the findings and comments on any review of rates conducted by the organization with the board no more than 30 days after the completion of the review process; and



5. Membership of the reviewing body. The membership of the reviewing body, including equal representation from hospitals, major 3rd party purchasers of health care services and consumers of health care services.

§ 365. Public information; availability of data

Any information, except privileged medical information as defined by the board, which is filed with the board under this chapter shall be open to public inspection and shall be made available to any public or private agencies or other persons upon request.

§ 366. Rules and regulations; public hearings; audit

1. Rules and regulations. The board is authorized to adopt amend and repeal any rules and regulations as are necessary for the proper administration and enforcement of this chapter.

2. Public hearings. The board is authorized to conduct public hearings when it is deemed necessary to carry out its responsibilities.

3. Audit. The board is authorized to audit, examine and inspect the accounts, books, records and documents of any health care facility to the extent that these activities are necessary to carry out its responsibilities.

§ 367. Enforcement

The Attorney General, upon the request of the board, shall institute and prosecute actions for the enforcement of this chapter and for any rules and regulations adopted pursuant to section 366.

§ 368. Penalty

Any person or health care facility violating any provision of this chapter or any valid order, rule or regulation made or promulgated pursuant to this chapter shall be deemed to have committed a civil violation for which forfeiture of not more than \$100 a day may be adjudged.

Sec. 4. Appropriation. The following funds shall be appropriated from the General Fund to carry out the purposes of this Act:

	1978-79
HEALTH FACILITIES COST REVIEW BOARD	
All Other	\$50,000

Sec. 5. Effective date. Sections 359 and 364 of section 3 of this Act shall become effective January 1, 1980.

STATEMENT OF FACT

The purposes of this bill are to:

1. Establish a Health Facilities Cost Review Board;
2. Authorize the board to collect financial and other health related information from hospitals and nursing homes;
3. Authorize the board to review the proposed budgets of any hospital which is not a member of an approved voluntary budget review organization; and
4. Authorize the board to approve voluntary budget review organizations.