

# MAINE STATE LEGISLATURE

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(EMERGENCY)  
(Governor's Bill)  
SECOND REGULAR SESSION

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ONE HUNDRED AND NINTH LEGISLATURE

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**Legislative Document**

**No. 1912**

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S. P. 732

In Senate, February 4, 1980

Referred to the Committee on Health and Institutional Services. Sent down for concurrence and ordered printed.

MAY M. ROSS, Secretary of the Senate

Presented by Senator Najarian of Cumberland.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY

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

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**Emergency preamble.** Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the Health Facilities Information Disclosure Act has encouraged the development of a unique approach to health care cost containment, involving both the efforts of public agencies, private agencies and health care providers; and

Whereas, this approach, if successful, may contribute significantly to a moderation in the rise of health care expenditures; and

Whereas, several provisions of the law should be changed in order to enhance the potential effectiveness of this approach; and

Whereas, these changes should be made immediately in order to encourage the early success of this effort in cost containment; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

**Sec. 1. 22 MRSA § 352, sub-§ 8**, as enacted by PL 1977, c. 691, § 1, is amended to read:

**8. 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 reasonable related to **reasonable** financial requirements, and that these prospective rates and charges are allocated equitably among all purchasers of health services without undue discrimination, except as required by federal and state statutes or regulations.

**Sec. 2. 22 MRSA § 357, sub-§ 8**, as enacted by PL 1977, c. 691, § 1, is repealed and the following enacted in its place:

**8. Performance standards.** Have the power to establish performance standards in order to evaluate the effects of any approved voluntary budget review organization on the costs of health care services rendered by hospitals participating in the organization and, in accordance with section 366, subsection 1, to establish the methods of calculating these performance standards.

**Sec. 3. 22 MRSA § 358, sub-§ 5, first sentence**, as enacted by PL 1977, c. 691, § 1, is amended to read:

Each health facility shall file with an independent data organization a completed Uniform Hospital Discharge Data Set, or comparable information, for each patient discharged from the facility **after December 31, 1972**.

**Sec. 4. 22 MRSA § 359, sub-§ 2**, as enacted by PL 1977, c. 691, § 1, is amended to read:

**2. Submission of budget.** Commencing with fiscal years beginning on or after July 1, 1979, any hospital subject to review under subsection 1 shall submit to the board its budget for its next fiscal year, together with ~~such~~ any other relevant supplemental reports and information as the board may require, within a reasonable time period as determined by the board, pursuant to rules adopted under section 366.

**Sec. 5. 22 MRSA § 359, sub-§ 3, first sentence**, as enacted by PL 1977, c. 691, § 1, is amended to read:

In accordance with subsection 1, the board is authorized to conduct ~~review~~ **reviews** of hospital budgets to determine that prospectively determined rates and charges are reasonably just and reasonably related to **reasonable** financial requirements, and that these prospective rates and charges are allocated equitably among all purchasers of health services without undue discrimination, except as require by federal and state statutes or regulations.

**Sec. 6. 22 MRSA § 359, sub-§ 4** is enacted to read:

**4. Fees.** The board is authorized to charge a fee for the review of any hospital budget which may not exceed 1/10 of 1% of the prior year total operating expenses of the hospital or \$1,000, whichever is greater.

**Sec. 7. 22 MRSA § 364, sub-§ 2, ¶¶'s A and C** as enacted by PL 1977, c. 691, § 1, are amended to read:

**A.** The budget review procedures are likely to permit the voluntary budget review organization to determine whether prospectively determined overall rates and charges are reasonably just, are reasonably related to **reasonable** financial requirements and are allocated equitably among all purchasers of health services **without undue discrimination, except as required by federal and state statutes or regulations.**

**C.** The procedures of the organization with respect to the filing of appropriate financial information and the analysis and verification of that information are sufficient to permit the organization to determine whether prospectively determined overall rates and charges are reasonably just, are reasonably related to **reasonable** financial requirements and are allocated equitably among all purchasers of health services **without undue discrimination, except as required by federal or state statutes or regulations.**

**Emergency clause.** In view of the emergency cited in the preamble, this Act shall take effect when approved.

#### STATEMENT OF FACT

The purposes of this bill are to:

1. Clarify the criteria used in the budget review process;
2. Authorize the board to establish fees for the review of budgets;
3. Clarify that the establishment of the methods used to calculate performance standards, not the numerical standards themselves, should be carried out in accordance with the Maine Administrative Procedures Act; and
4. Provide that the board has access, through an independent data organization, to any discharge data collected after December 31, 1972.