

MAINE STATE LEGISLATURE

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1 (After Deadline)
2 FIRST REGULAR SESSION
3

4 ONE HUNDRED AND TWELFTH LEGISLATURE
5

6 Legislative Document

No. 1480

8 H.P. 1028

House of Representatives, May 9, 1985

9 Approved for introduction by a majority of the Legislative Council
10 pursuant to Joint Rule 27.

11 Reference to the Committee on Human Resources suggested and ordered
printed.

EDWIN H. PERT, Clerk

Presented by Speaker Martin of Eagle Lake.

12 Cosponsored by Senator Perkins of Hancock, President Pray of
Penobscot and Representative Murphy of Kennebunk.

13 STATE OF MAINE
14

15 IN THE YEAR OF OUR LORD
16 NINETEEN HUNDRED AND EIGHTY-FIVE
17

18 AN ACT to Adjust the Statutory Ceiling for
19 the Certificate of Need Development
20 Account.
21

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

24 22 MRSA §396-K, sub-§§1 and 3, as enacted by PL
25 1983, c. 579, §10, are amended to read:

26 1. Amount established. Subject to the require-
27 ments of paragraphs A and B, for each payment year
28 cycle, as defined in subsection 4, the commission
29 shall ~~consider the need for, and may~~ credit the Cer-
30 tificate of Need Development Account with, an amount
31 to support the development and undertaking of
32 projects which are subject to review pursuant to the
33 Maine Certificate of Need Act. This amount shall be
34 established annually by rule after consideration of
35 the State Health Plan, the ability of the citizens of
36 the State to underwrite the additional costs and the

1 limitations imposed on these payments by the Federal
2 Government pursuant to the United States Social Secu-
3 rity Act, Titles XVIII and XIX. For the first 2 pay-
4 ment year cycles, the commission shall establish the
5 amounts to be credited to the first day of that pay-
6 ment year cycle as follows:

7 A. For the first payment year cycle, ~~1%~~ 1.5% of
8 the sum of:

9 (1) The total budgeted expenses, including
10 capital costs, of all hospitals, for their
11 most recent fiscal year ending prior to July
12 1, 1984, which were submitted to and ap-
13 proved by a voluntary budget review organi-
14 zation prior to July 1, 1983; and

15 (2) The total actual expenses, including
16 capital costs, which were incurred, in its
17 most recent fiscal year ending prior to July
18 1, 1983, by any hospital which did not se-
19 cure approval, prior to July 1, 1983, of its
20 budget for its most recent fiscal year end-
21 ing prior to July 1, 1984; and

22 B. For the 2nd payment year cycle, ~~1%~~ 2% of the
23 first payment year financial requirements deter-
24 mined for all hospitals in the State.

25 3. Debits and carry overs. The commission shall
26 debit against the Certificate of Need Development Ac-
27 count the ~~total~~ incremental capital and operating
28 costs associated with each proposal for which an ad-
29 justment is approved under subsection 2. These capi-
30 tal and operating costs shall be consistent with, and
31 not exceed, the adjustment made to any hospital's fi-
32 nanacial requirements as determined in accordance with
33 section 396-D. The commission shall credit to the ac-
34 count the amount of any reduction in any hospital's
35 cost as determined in accordance with section 396-D.
36 Amounts credited to this account for which there are
37 no debits shall be carried forward to subsequent pay-
38 ment year cycles.

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STATEMENT OF FACT

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Pursuant to legislation passed in 1983, a Certificate of Need Development Account was created to set an expenditure limit on hospital projects for new or improved services, equipment and facilities approved by the Department of Human Services.

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The limit was established by the Legislature for the 2-year period 1985 and 1986 at 1% of the prior years' total expenses for Maine hospitals. This 1% limit had no factual or historic basis; its relevance to the assurance of continued or improved access of Maine people to quality hospital services was unknown. It has not become apparent that this limit makes it impossible for any major change in hospital services to be approved by the Department of Human Services regardless of a project's merit or impact on actual cost to Maine people. Consequently, this bill raises the limit to 1.5% in 1985 and 2% in 1986.

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The law presently requires for payment year cycles beginning October 1, 1986, and thereafter an independent executive agency, the Maine Health Care Finance Commission, to set the expenditure limit on projects to be approved by the Department of Human Services.

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This bill also assures that the amount debited to the Certificate of Need Development Account is consistent with the amount credited to payment year financial requirements.

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