

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document

No. 162

S.P. 76

In Senate, February 3, 1987

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

JOY J. O'BRIEN, Secretary of the Senate  
Presented by Senator TWITCHELL of Oxford.  
Cosponsored by Representative JACKSON of Harrison.

STATE OF MAINE

IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND EIGHTY-SEVEN

1 AN ACT to Provide for Alternative Base-year  
2 Financial Requirements and Alternative  
3 Computation of 3rd and Subsequent Year  
4 Financial Requirements.  
5

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

8 22 MRSA §396-C-1 is enacted to read:

9 §396-C-1. Alternative base-year financial require-  
10 ments and alternative computation of 3rd  
11 and subsequent year financial requirements

12 For the 3rd and subsequent payment years, the  
13 commission may elect to determine the payment year  
14 financial requirements of certain individual hospi-  
15 tals as follows.

1           1. Eligible hospitals. A hospital may apply for  
2 treatment under this section only in cases where its  
3 actual audited base-year Medicare costs, as adjusted  
4 to conform to the definition of base-year require-  
5 ments established in accordance with section 396-A,  
6 exceeded in the commission's computation of base-year  
7 financial requirements determined in accordance with  
8 section 396-B, subsection 2, paragraph A, based on  
9 the hospital's budget as approved by the voluntary  
10 budget review organization.

11           2. Third and subsequent years. In determining  
12 3rd and subsequent payment year financial require-  
13 ments with respect to hospitals eligible under sub-  
14 section 1, the commission may carry out an alterna-  
15 tive computation of the payment-year financial re-  
16 quirements. The alternative computation would utilize  
17 as alternative base-year financial requirements the  
18 hospital's actual audited base-year Medicare costs,  
19 adjusted to conform to the definition of base-year  
20 financial requirements established in accordance with  
21 section 396-A, in place of the computation of  
22 base-year financial requirements determined in ac-  
23 cordance with section 396-B, subsection 2, paragraph  
24 A. The 3rd subsequent payment-year financial require-  
25 ments would then be computed pursuant to the  
26 methodology set forth in section 396-C, by adjusting  
27 the alternative base-year financial requirements in  
28 accordance with the factors set forth in section  
29 396-D, which previously had been applied to determine  
30 the hospital's first and 2nd payment-year financial  
31 requirements.

32           3. Criteria for approval. In considering appli-  
33 cations for treatment under this section, the commis-  
34 sion shall promulgate rules setting forth appropriate  
35 criteria for determining whether treatment under this  
36 section is in the public interest, including, but not  
37 limited to, the following factors:

38           A. The hospital's justification for exceeding  
39 its budget as approved by the voluntary budget  
40 review organization;

41           B. The hospital's cost, volume and intensity of  
42 services as compared to other comparable hospi-  
43 tals;

