

# MAINE STATE LEGISLATURE

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L.D. 290

(Filing No. H-324 )

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
113TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "**A**" to H.P. 222, L.D. 290,  
Bill, "AN ACT to Alter the Makeup of the Maine Health  
Care Finance Commission."

Amend the bill by striking out all of the title  
and inserting in its place the following:

**'AN ACT to Address Productivity and Wage Adjustments  
for Hospitals, to Sunset the Maine Health Care Fi-  
nance Commission and to Establish a Blue Ribbon Com-  
mission to Study the Regulation of Health Care Ex-  
penditures.'**

Further amend the bill by striking out everything  
after the title and inserting in its place the fol-  
lowing:

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

Whereas, the Commission to Study the Regulation  
of Health Care Expenditures needs to begin its work  
immediately; 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 preser-  
vation of the public peace, health and safety; now,  
therefore,

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

**Sec. 1. 3 MRS §507, sub-§10, ¶B, as amended by  
PL 1985, c. 695, §3; PL 1985, c. 763, Pt. A, §7; and**

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1 PL 1985, c. 764, §1, is repealed and the following  
2 enacted in its place:

3 B. Unless continued or modified by law, the fol-  
4 lowing Group G-2 independent agencies shall ter-  
5 minate, not including the grace period, no later  
6 than June 30, 1990. The Board of Emergency Mu-  
7 nicipal Finance, the Finance Authority of Maine  
8 and the Maine Municipal Bond Bank shall not ter-  
9 minate, but shall be reviewed by the Legislature  
10 no later than June 30, 1990:

- 11 (1) Board of Emergency Municipal Finance;
- 12 (2) Finance Authority of Maine;
- 13 (3) Maine Municipal Bond Bank;
- 14 (4) State Liquor Commission;
- 15 (5) Capitol Planning Commission;
- 16 (6) State Board of Property Tax Review;
- 17 (7) Maine Vocational-Technical Institute  
18 System;
- 19 (8) Maine Commission for Women; and
- 20 (9) Maine Human Rights Commission.

21 **Sec. 2. 22 MRSA §396-D, sub-§6, as enacted by PL**  
22 **1983, c. 579, §10, is repealed and the following en-**  
23 **acted in its place:**

24 6. Productivity. For payment years commencing  
25 on or after October 1, 1987, the commission may in-  
26 crease or decrease the financial requirements of any  
27 hospital to conform to reasonable standards of effi-  
28 ciency, productivity or cost per comparable admis-  
29 sion, established by the commission on a statewide  
30 basis or for groups of comparable hospitals.

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1 A. Standards established under this subsection  
2 may include a range of variation within which no  
3 adjustment will be made.

4 B. In developing standards, the commission shall  
5 consider the special needs and circumstances of  
6 small hospitals.

7 C. In making an adjustment under this subsec-  
8 tion, the commission shall consider any evidence  
9 offered by a hospital to show that its variance  
10 from the standards is unavoidable or necessary to  
11 maintain the accessibility of quality hospital  
12 care to those it serves.

13 **Sec. 3. 22 MRSA §396-D, sub-§9, ¶E is enacted to**  
14 **read:**

15 E. The commission shall include an adjustment to  
16 financial requirements for increases in costs of  
17 compensation for professional medical personnel,  
18 including nurses and certified nurses aides, to  
19 the extent that a hospital demonstrates that such  
20 increases are reasonably necessary to retain or  
21 recruit such personnel, that such increases are  
22 in excess of the increases attributable to the  
23 compensation proxy included in the economic trend  
24 factor, that the hospital has passed on the value  
25 of the compensation cost proxy in past years and  
26 that the hospital will experience economic hard-  
27 ship without additional funds. Economic hardship  
28 means an excess of noncapital operating expenses  
29 over noncapital financial requirements. In de-  
30 termining this adjustment, the commission shall  
31 consider the current labor market conditions af-  
32 fecting the hospital and the hospital's compensa-  
33 tion rates in relation to those of other  
34 similarly situated hospitals. Those adjustments  
35 may be made during the course of a payment year.

36 **Sec. 4. 22 MRSA §400 is enacted to read:**

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1     \$400. Sunset of the Maine Health Care Finance Com-  
2             mission

3             Unless continued or modified by law, the Maine  
4     Health Care Finance Commission is terminated effec-  
5     tive October 1, 1989. If the Maine Health Care Fi-  
6     nance Commission is terminated October 1, 1989, the  
7     commission shall have a grace period not to extend  
8     beyond October 1, 1990, in which to complete its du-  
9     ties. During the grace period, termination shall not  
10    reduce or otherwise limit the powers of authority of  
11    the commission.

12            **Sec. 5. Commission created and charged.** There  
13    is established the Commission to Study the Regulation  
14    of Health Care Expenditures. The goals of the health  
15    care system include the provision of quality care,  
16    the accessibility to care and the affordability of  
17    care. This study shall recommend the most appropri-  
18    ate form of health care regulation necessary to en-  
19    sure these goals are met. The study shall include,  
20    but need not be limited to, an evaluation of the cur-  
21    rent and anticipated market for health care services,  
22    the current methods and impending trends in the fi-  
23    nancing and delivery of health care, the current and  
24    anticipated environment for health care delivery sys-  
25    tems and various methods of regulating health care  
26    and health care expenditures, including, but not lim-  
27    ited to, the present regulatory system under the  
28    Maine Health Care Finance Commission.

29            **Sec. 6. Appointment.** The commission shall con-  
30    sist of 17 members, appointed in the following man-  
31    ner: The Governor shall appoint one representative  
32    of the business community; one representative of la-  
33    bor; one consumer representative; one representative  
34    from the Department of Human Services; one represen-  
35    tative of a commercial health insurer; one represen-  
36    tative of nonprofit hospital and medical service or-  
37    ganizations; one representative of a large hospital;  
38    one representative of a medium size hospital; one

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1 representative of a small hospital and one representa-  
2 tive of a for-profit hospital. The Maine Health  
3 Care Finance Commission shall designate one represen-  
4 tative. The President of the Senate and the Speaker  
5 of the House shall jointly appoint one representative  
6 of a large hospital, one representative of a medium  
7 size hospital and one representative of a small hos-  
8 pital. The President of the Senate shall appoint one  
9 member of the Senate and the Speaker of the House  
10 shall appoint 2 members of the House of Representa-  
11 tives. The appointments shall be made within 30 days  
12 of the effective date of this Act. Those appointing  
13 members of the commission shall notify the Chairman  
14 of the Legislative Council of their selections or ap-  
15 pointments.

16 **Sec. 7. Convening of commission.** When the ap-  
17 pointment of all commission members is completed, the  
18 Chairman of the Legislative Council shall appoint a  
19 chairman and call the first meeting within 30 days.

20 **Sec. 8. Report.** The commission shall present  
21 its findings, together with any recommended legisla-  
22 tion to the joint standing committee having jurisdic-  
23 tion over human resources at the First Regular Ses-  
24 sion of the 114th Legislature, no later than January  
25 15, 1989.

26 **Sec. 9. Assistance.** The commission may contract  
27 for those professionals it requires to assist it. In  
28 addition, the commission may request staff assistance  
29 from the Legislative Council.

30 **Sec. 10. Compensation.** The members of the com-  
31 mission who are Legislators shall receive the legis-  
32 lative per diem, as defined in the Maine Revised  
33 Statutes, Title 3, section 2, for each day's attend-  
34 ance at commission meetings. All members of the com-  
35 mission, except the employees of State Government,  
36 shall receive reimbursement for expenses upon appli-  
37 cation to the Executive Director of the Legislative  
38 Council.



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1 sional medical personnel; and (2) Authorizing in-  
2 creases or decreases in a hospital's financial re-  
3 quirements based on standards of efficiency, produc-  
4 tivity or cost.

5 Section 4 sunsets the Maine Health Care Finance  
6 Commission, effective October 1, 1989, unless it is  
7 continued or modified by law.

8 Sections 5 to 11 establish a special "blue rib-  
9 bon" Commission to Study the Regulation of Health  
10 Care Expenditures in regard to its ability to address  
11 affordability, availability and quality of health  
12 care and to determine the most appropriate form of  
13 health care regulation. The study commission is to  
14 report 9 months prior to the termination of the  
15 Health Care Finance Commission.

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